

# ALASKA RAILROAD

## BOARD OF DIRECTORS REGULAR Board Meeting

Friday, June 5, 2026

Commencing at 9:00 a.m. in person at  
Alaska SeaLife Center - Bear Mountain Conference Room  
301 Railway Avenue, Seward, Alaska 99664

&

### Join Virtual Zoom Meeting Room

<https://us02web.zoom.us/j/86226609695?pwd=kuFB2yVJ7m5iuXdz1R07QbIRE2II6n.1>

Meeting ID: 862 2660 9695

Passcode: 780701



One tap mobile

+12532158782,,86226609695# US (Tacoma)

+13462487799,,86226609695# US (Houston)

---

Join by SIP

• [86226609695@zoomcrc.com](mailto:86226609695@zoomcrc.com)

Passcode: 780701

Join instructions

<https://us02web.zoom.us/join/86226609695/invitations?signature=JKsplFw5icQkGnFTC9KVO4ao9EXrKpRI9xqfBU0bbAY>

**ARRC BOARD OF DIRECTORS MEETING  
AGENDA**

Friday, June 5, 2026 ~ 9:00 a.m.  
Alaska SeaLife Center - Bear Mountain Conference Room  
301 Railway Avenue, Seward, Alaska 99664  
[Zoom Virtual Meeting Room](#)

- I. **CALL TO ORDER**
- II. **ESTABLISH QUORUM**
- III. **SAFETY BRIEFING**
- IV. **CHAIR COMMENTS**
- V. **ADOPTION OF AGENDA**
- VI. **CONFLICT OF INTEREST DISCLOSURES**
- VII. **ADOPTION OF MINUTES**
  - 1. [Approval of Regular Meeting Minutes of March 27, 2026](#)
- VIII. **OPPORTUNITY FOR PUBLIC COMMENT**
- IX. **BRIEFING ITEMS**
  - A. **Public Briefings (a portion may be held in Executive Session)**
    - 1. [CEO Update](#)
    - 2. [Safety Update](#)
    - 3. [Financial Report](#)
  - B. **Committee Reports**
    - 1. [Real Estate Committee](#)
    - 2. [Executive Committee](#)
      - a. Executive Committee Membership - Director Reeves
- X. **NEW BUSINESS**
  - C. **Executive Session Briefings**
    - 1. Contracts, Claims, Litigation, Personnel and Financial Matters
    - 2. Legislative Update
    - 3. PMRE Update
    - 4. Seward Passenger Dock Project Update
    - 5. LNG Project Update
    - 6. Business Development Report
  - D. **Executive Committee Membership – Director Reeves**
  - E. **Adoption of Consent Agenda**
    - 1. [Resolution No. 2026-07 - Relating to Insurance Renewal for 2026-2027](#)
    - 2. [Resolution No. 2026-08](#) - Relating to a Request for the Conveyance of State Land Between Healy and Clear, Alaska, Located East of the Nenana River in the Vicinity of [ARRC Milepost 379.6 to 379.8 to ARRC Under AS 42.40.360](#)
    - 3. [Resolution No. 2026-09](#) - Relating to Increase in Funding of Environmental Mitigation Required in Conjunction with the Seward Freight Dock and Corridor Improvements Project ([AFE No. 11387 S-1](#))
    - 4. [Resolution No. 2026-10](#) - Relating to Port of Whittier Operational Efficiency Project ([AFE No. 11475](#))
    - 5. [Contract No. 21287](#) - 200 Post Road LLC – Anchorage Reserve
    - 6. [Contract No. 21314](#) - Tesoro Logistics Operations, LLC – Anchorage Reserve
- XI. **OPPORTUNITY FOR PUBLIC COMMENT AND DIRECTORS/CEO/STAFF COMMENTS**
- XII. **ADJOURNMENT**

# **2026 March 27 Regular Board Meeting Minutes-for Board Approval**

# ALASKA RAILROAD CORPORATION MINUTES OF THE REGULAR BOARD OF DIRECTORS MEETING

Anchorage, Alaska  
Friday, March 27, 2026

## I. CALL TO ORDER

Chair John Shively called the meeting to order at 9:02 a.m. on Friday, March 27, 2026. The meeting was held in person at 327 West Ship Creek Avenue, 3rd Floor, Anchorage, Alaska 99501, with a virtual participation option.

## II. ESTABLISH QUORUM

Chair Shively requested that Board Secretary Jennifer Mergens establish a quorum. Chair Shively; Vice Chair John Binkley; Director Judy Petry; Director Gale Dinsmore; Director John Reeves; Commissioner, Department of Commerce Community and Economic Development, Julie Sande; and Commissioner, Department of Transportation & Public Facilities, Ryan Anderson all were present.

Ms. Mergens established a quorum of the full Board.

Staff members present:

A. Behrend, Chief Counsel	M. Maddox, Chief Financial Officer
A. Kinnaman, Controller	C. Terry, VP Real Estate
M. Clemens, Director, External Affairs	C. Hopp, Chief Operating Officer
G. Goemer, Director, Supply Management	B. O'Leary, President & Chief Executive Officer
S. Roberts, Chief Special Agent	J. Mergens, Chief Human Resources Officer
L. Hall, Executive & Corporate Administrator	C. Clarke, Corporate Communications Officer
C. Frank, Conductor/Brakeman/Engineer	
D. Greenhalgh, VP Marketing & Customer Service	
C. Keogh, Director, Safety	

**Guests and members of the public present:**

Representative Kevin McCabe	Geoff Segal
Frank Richards	Mike Brown
Jerry's iPhone	

## III. SAFETY BRIEFING

Mr. Hopp addressed procedures for responding to an emergency, outlining the appropriate building evacuation protocols, and explained how to proceed safely to the designated meeting area.

## **IV. CHAIR COMMENTS**

Chair Shively said he appreciated the Board Members responding to Ms. Mergens to coordinate a schedule for the group to attend Alaska Executive Branch Ethics Act training.

## **V. ADOPTION OF AGENDA**

Vice Chair Binkley moved to adopt agenda, and Director Dinsmore seconded the motion. The agenda was unanimously approved as presented.

## **VI. CONFLICT OF INTEREST DISCLOSURES**

Director Dinsmore stated that he would recuse himself from any discussion relating to a particular matter in the litigation report if it arose during Executive Session. No other members disclosed any conflicts of interest.

## **VII. ADOPTION OF MINUTES**

Director Petry moved to approve the minutes of the February 5, 2026 Regular Board Meeting. Commissioner Anderson seconded the motion. The meeting minutes were unanimously approved as presented.

## **VIII. OPPORTUNITY FOR PUBLIC COMMENT/STAFF/DIRECTORS**

Representative McCabe expressed support for finishing the Port MacKenzie Rail Extension (PMRE). He encouraged the Board to partner with AIDEA, Matanuska-Susitna Borough, and the State of Alaska to complete the project.

## **IX. BRIEFING ITEMS**

### **A. Public Briefings**

#### **1. CEO Update**

Mr. O'Leary briefed the Board on relevant business matters arising since the February 5, 2026 meeting. He noted ARRC is approximately six weeks away from launching into the summer passenger season, and that preliminary passenger bookings are strong. Mr. O'Leary said this is a particularly busy period as our teams focus on seasonal hiring and training, preparing depots for increased passenger traffic, and ramping up maintenance activities. He shared that the Aurora winter passenger ridership has posted solid numbers, with one canceled train in early January. Mr. O'Leary offered appreciation to ARRC employees and their impressive work throughout the long and challenging winter. Mr. O'Leary said that with regard to Administrative Order 360, department leads have been designated and document review has begun. He shared that he and Ms. Clemens attended an AAR quarterly meeting in Washington, D.C., and met with Alaska's congressional delegation, and discussed key priorities related to the Alaska Railroad, including rail extensions, bond financing and sale update, the Surface Transportation

Reauthorization Bill, and the significant impact of formula funds on both the Railroad and the State overall. Mr. O'Leary reviewed the action item on the agenda, as well as the five items listed on the Consent Agenda.

## **2. Safety Update**

Mr. Hopp introduced Connor Keogh as the new Director, Safety, Rules, and Operating Practices. Mr. Keogh brings 27 years of expansive railroad experience to his new role. Mr. Hopp noted that it has been a tough winter all along the Railbelt and throughout the entire state. He reviewed safety data through February 2026, noting that incidents trended upward, largely due to extremely cold and snowy working conditions. Mr. Hopp shared that the increase in lost time rate primarily stems from seven injuries. He shared that ARRC expects improvements in the numbers in the coming months.

## **3. 2025 Financial Audit**

### **a. Audit Committee Report**

Committee Chair Petry said the Audit Committee met on March 26, 2026. She shared that KPMG auditors briefed the Committee on the audit findings, noting that the unmodified opinion was positive and thorough, and that the Committee recommended approval of Resolution No. 2026-05 Relating to the 2025 Annual Financial Audit Report.

### **b. CFO Presentation**

Ms. Maddox reported that the financial audit for 2025 is complete, and ARRC is posting a net income of \$41.5 million, which is an increase over 2024, largely as a result of a timing issue with a \$15.4 million grant executed in early January 2025. She shared that the required GASB changes reclassified certain revenues and expenses, with no impact on cash flow. Ms. Maddox said that although current liabilities are higher than previously shown, ARRC continued to maintain strong liquidity and a net position for 2025 of \$551.6 million. She shared that the adoption and implementation of GASB 103 for year-end December 31, 2025, resulted in an operating ratio of 0.93. Ms. Maddox reported that the Pension Plan Trust had an annual return of 11.12% and was 95.9% funded on an actuarial basis, and the Health Care Trust had an annual return of 9.43%.

## **B. Committee Reports**

### **1. Real Estate Committee**

Committee Chair Binkley reported that the Real Estate Committee convened on March 11, 2026, with all Board Members in attendance. Four contracts were reviewed and recommended for approval by the Board. Ms. Terry confirmed that all public comment periods concluded prior to the Board Meeting, with no feedback received. She shared that progress continues on the Wasilla Section building elevator installation. The foundation is finished, and the tenant has expressed satisfaction with both the advancement of work and the minimal impact on business operations. The Procurement

Department is currently addressing the agreement terms and pursuing recovery costs from the previous contractor under the contractor's bond service agreement.

## **2. Executive Committee**

Chair Shively said the Executive Committee met on March 11, noting the confidential meeting notes were included in the Board materials. He said that the discussions primarily surrounded the five items recommended for approval under the Consent Agenda.

# **X. NEW BUSINESS**

## **C. Executive Session Briefings**

Vice Chair Binkley moved to have the Board recess to Executive Session to discuss the listed Executive Session agenda items. Director Dinsmore seconded the motion. There was no further discussion or objection. The motion was approved and the Board convened to Executive Session at 9:45 a.m. The following items were discussed:

1. Contracts, Claims, Litigation, Personnel and Financial Matters
2. Legislative Update
3. Alaska LNG Project Discussion
4. PMRE - AIP Phase 1 Report and Potential Phase 2 Financing
5. Seward Passenger Dock Project Update
6. Anchorage Reserve Contamination Review
7. Business Development Report

Chair Shively called the meeting back into public session at 11:55 a.m.

## **D. Action Item**

1. Resolution No. 2026-06 – Relating to Approval for Funding of Phase 2 (Pre-Development) of the Alaska Infrastructure Partners (AIP) Project

Resolution No. 2026-06, regarding Funding of Phase 2 of the AIP Project, was taken up for discussion by the Board. Chair Shively noted that a proposal was on the table to revise the draft resolution and confirmed that all Board members had received a copy of the proposed revised resolution. Director Petry moved to approve the resolution as proposed for revision. Vice Chair Binkley then read the proposed revisions into the record. The proposed revisions included deleting two recitals and adding a "be it further resolved" clause as set forth below. The revisions to the originally proposed resolution were as follows:

Remove: "WHEREAS, AGDC is required under the PDA to provide a response to the Initial Proposal by April 3, 2026; and"

Remove: "WHEREAS, AIP's proposed cost for Phase 2 is \$9.03 million; and"

Insert This Additional Clause: “BE IT FURTHER RESOLVED, that the President & CEO is hereby authorized, under the direction of the previously established Ad Hoc Point MacKenzie Rail Extension Committee, to engage with the Alaska Industrial Development and Export Authority (AIDEA), the Alaska Gasline Development Corporation (AGDC), the Alaska Department of Transportation & Public Facilities (DOT&PF), AIP, and other advisors or partners, and to utilize up to the total of the 2026 and 2027 Railroad Expansion Reserve funds to support pre-development, financial, and commercial activities necessary to advance the Port MacKenzie Rail Extension, with the intent of the Board to maintain flexibility and keep all financing options under consideration, including public, private, and Alaska Railroad-led financing approaches, and with any final financing, partnership, or construction decisions subject to subsequent Board approval.”

After the reading of the above proposed revisions, Commissioner Anderson seconded the motion to adopt the resolution as proposed for revision. Chair Shively asked whether an additional friendly amendment to add “Matanuska-Susitna Borough (MSB)” to the list of parties to be included in the above “be it further resolved” clause would be in order, and Vice Chair Binkley and Commissioner Anderson concurred with that suggestion.

There was no further discussion or objection to the motion to adopt the resolution as proposed for revision, and the revised Resolution 2026-06 was approved.

#### **E. Adoption of Consent Agenda**

Chair Shively read the Consent Agenda into the record. Vice Chair Binkley made a motion to adopt the listed items under the Consent Agenda. Director Petry seconded the motion. There was no further discussion or objections and the Consent Agenda, consisting of the following five items, was adopted:

1. Resolution No. 2026-04 – Relating to Approval of Appointment to Health Care Trust Committee
2. Resolution No. 2026-05 – Relating to the Approval of the 2025 Financial Annual Report
3. Contract No. 21273 – SAW Jacques, LLC – Fairbanks Reserve
4. Contract No. 21270 – Usibelli Coal Mine, Inc. – Healy Reserve
5. Contract No. 20551 and No. 20552 – Pruhs Corporation – Anchorage Reserve

## **XII. OPPORTUNITY FOR PUBLIC COMMENT/STAFF/DIRECTORS**

Director Reeves made a request to Chair Shively regarding the possibility of opening the Executive Committee meeting to all Board Members. Chair Shively stated that he will review the Board's bylaws, poll Board Members, and communicate his decision via email.

Chair Shively expressed agreement with the observations shared by Board Members concerning winter weather conditions throughout the state, the responsiveness of work crews, the completion of the financial audit, and the team's efforts in adapting to GASB regulatory changes. He also noted the efficient management of the Alaska Railroad, which resulted in a record annual net profit, as well as the potential for business growth through the gasline installation and completing PMRE. The Board acknowledged the teamwork and dedication demonstrated in overcoming these challenges, and values the

prudent decision-making that enables continued support for customers, and safe, reliable transportation.

### **XIII. ADJOURNMENT**

Vice Chair Binkley moved to adjourn, and Director Dinsmore seconded the motion. The meeting adjourned at 12:13 p.m.

ATTESTED BY:

\_\_\_\_\_  
Jennifer Mergens  
Board Secretary

Date \_\_\_\_\_

## **IX. BRIEFING ITEMS**

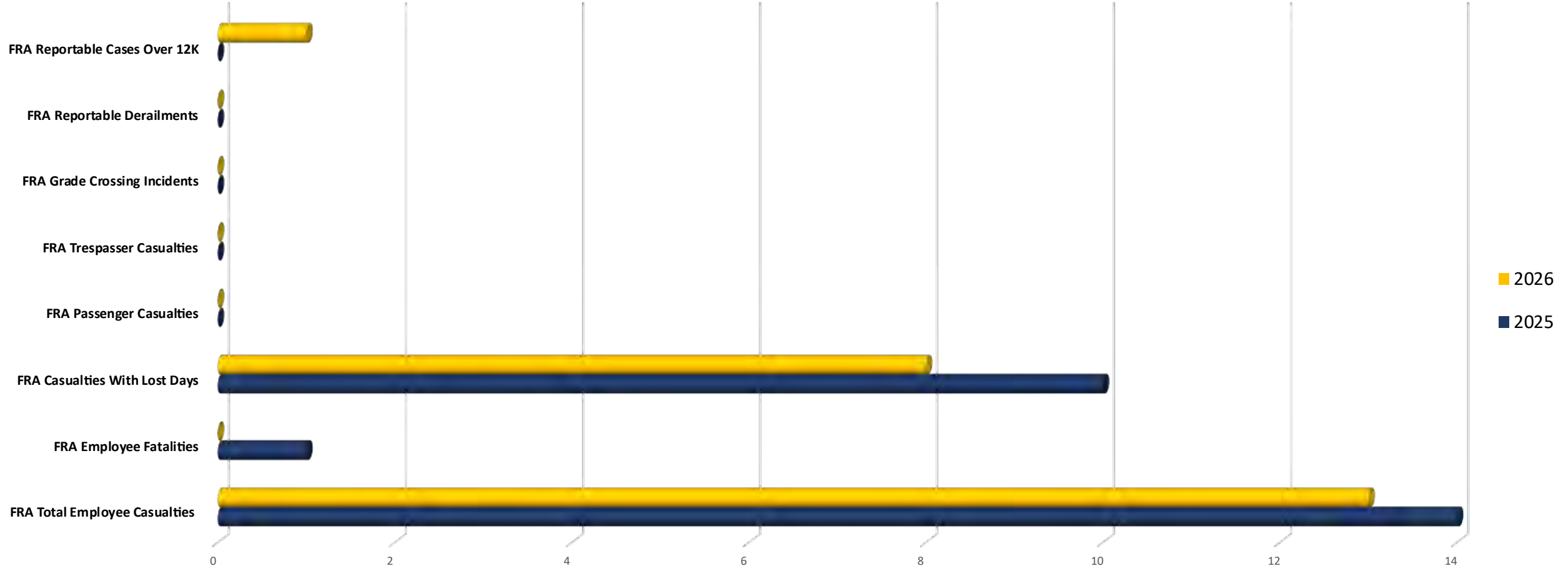
### **A. PUBLIC BRIEFINGS**

#### **ITEM 1: CEO Update**

**Verbal presentation**

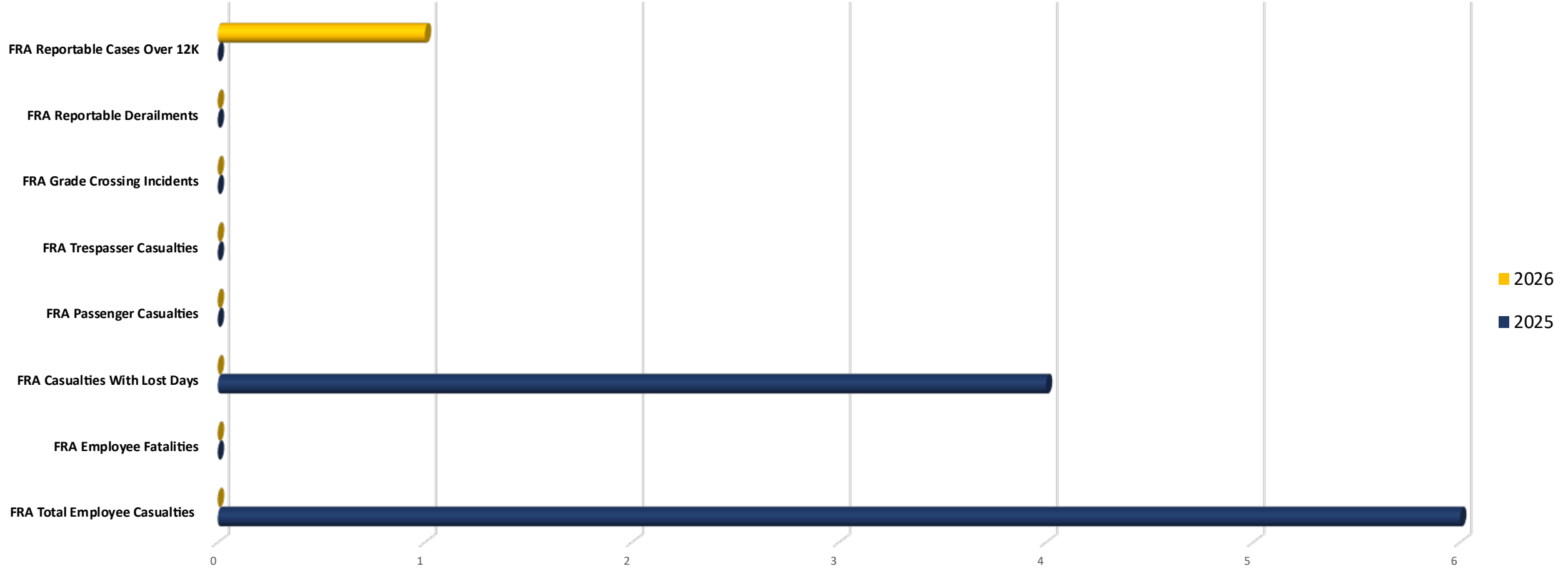
## **Safety Data for BOD Mtg June 2026-CKeogh**

FRA Safety Data  
2025 Vs. 2026



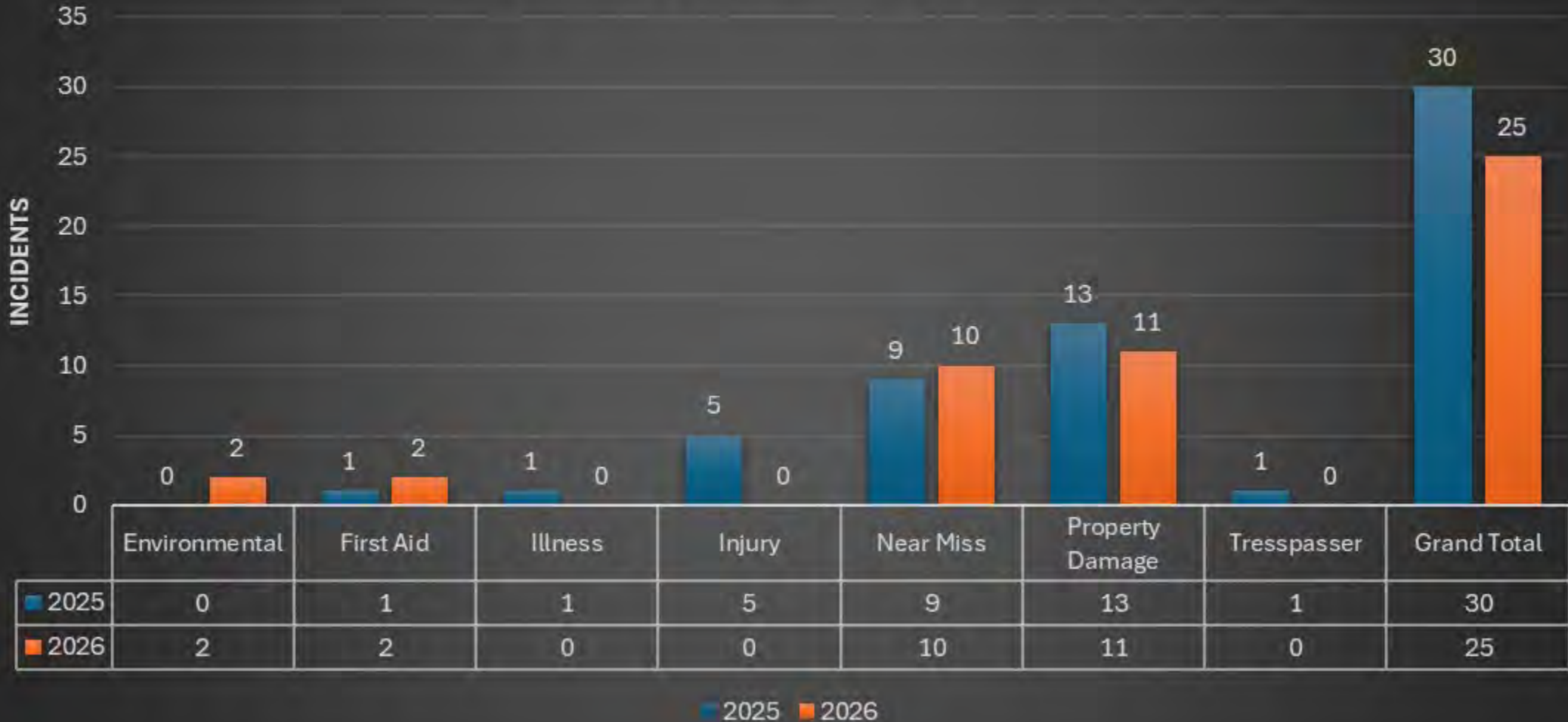
	FRA Total Employee Casualties	FRA Employee Fatalities	FRA Casualties With Lost Days	FRA Passenger Casualties	FRA Trespasser Casualties	FRA Grade Crossing Incidents	FRA Reportable Derailments	FRA Reportable Cases Over 12K
2026	13	0	8	0	0	0	0	1
2025	14	1	10	0	0	0	0	0

FRA Safety Data  
2025 Vs. 2026

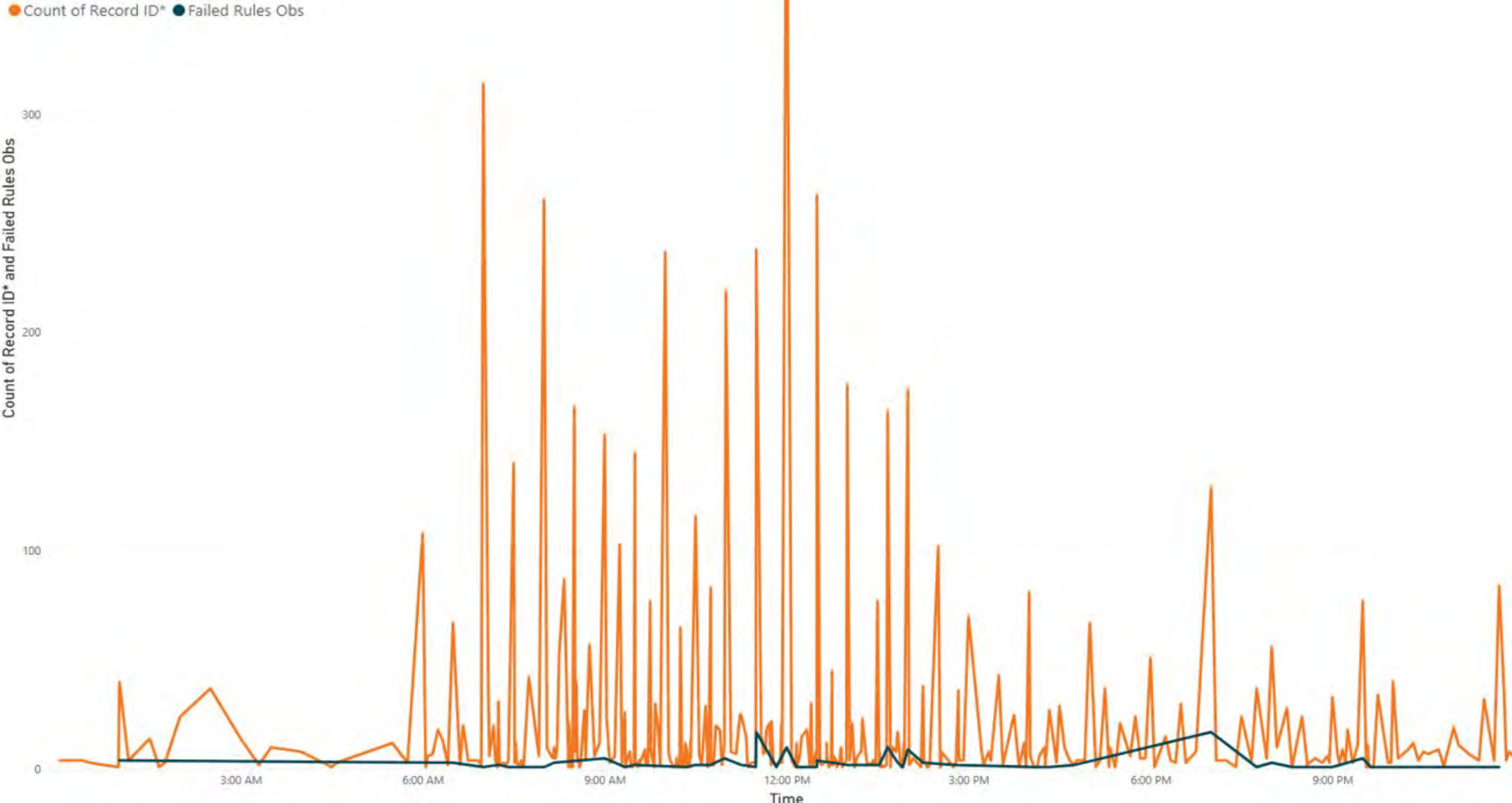


	FRA Total Employee Casualties	FRA Employee Fatalities	FRA Casualties With Lost Days	FRA Passenger Casualties	FRA Trespasser Casualties	FRA Grade Crossing Incidents	FRA Reportable Derailments	FRA Reportable Cases Over 12K
2026	0	0	0	0	0	0	0	1
2025	6	0	4	0	0	0	0	0

# ARRC 2026 Second Quarter Incidents [April 1st thru May 21st]

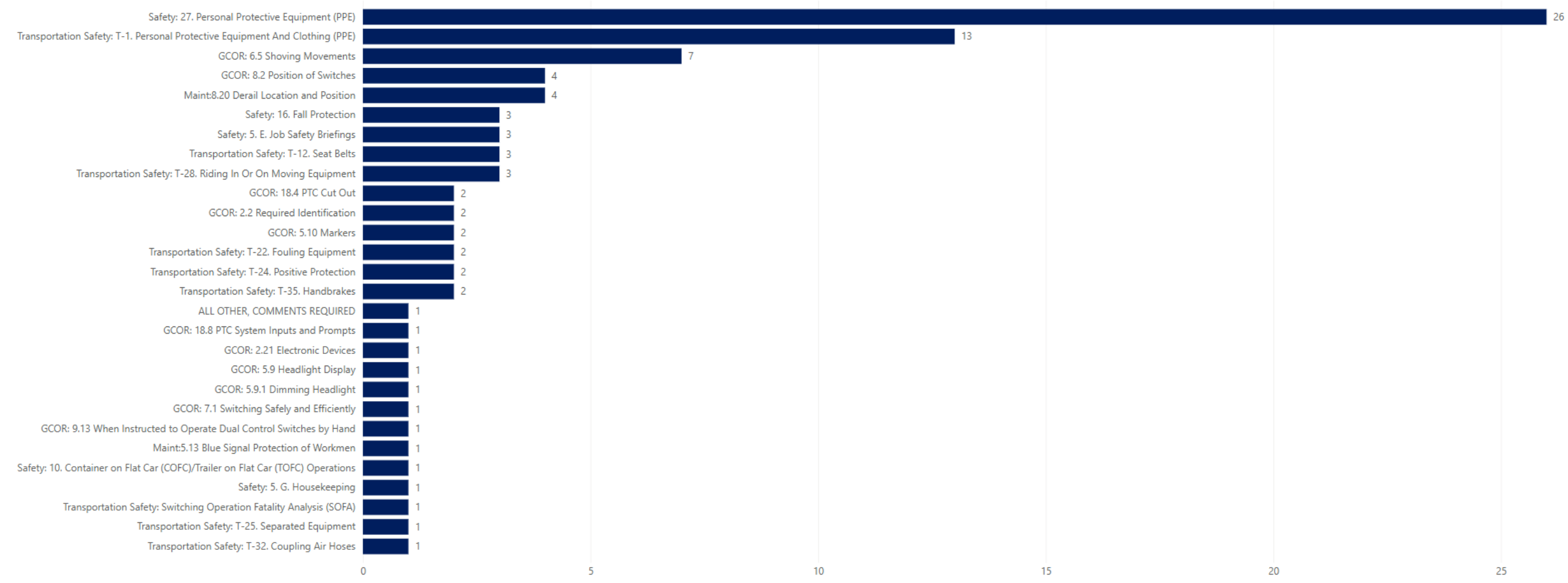


# Operational Monitoring/Testing Q2 April 1<sup>st</sup> – May 21<sup>st</sup>



# Operational Monitoring/Testing Q2 April 1<sup>st</sup> – May 21<sup>st</sup>

C/F	Rules Observed	%
C	7318	98.07%
F	144	1.93%
<b>Total</b>	<b>7462</b>	<b>100.00%</b>





# ➤ YTD APRIL 2026 Business Results

*Michelle Maddox, CFO*  
*June 5, 2026*



Photo courtesy: Ben Traylor



# ➤ YTD APRIL 2026 Executive Summary

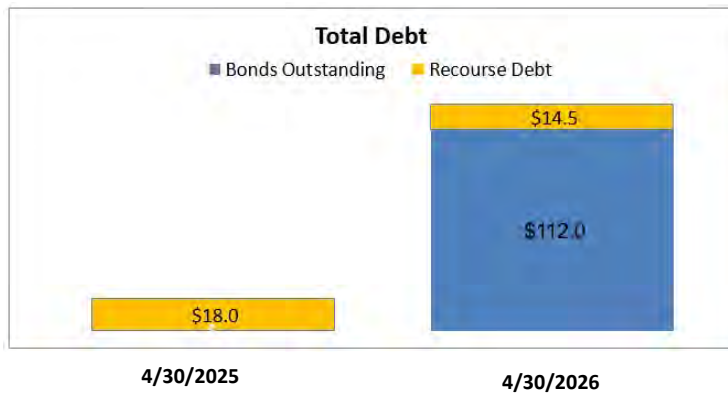
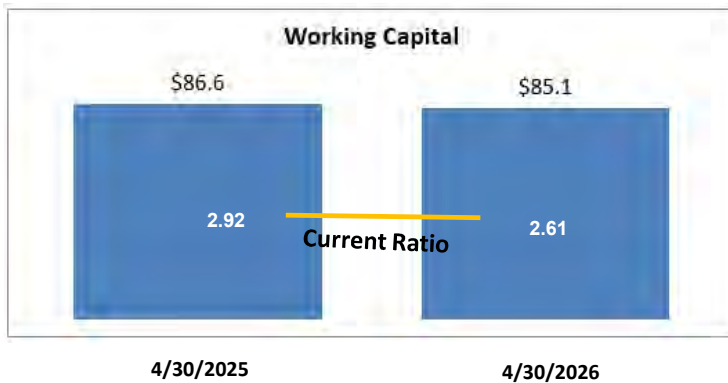
***YTD net loss of \$19.5 million was a larger loss by \$1.9 million than the loss expected according to revised budget***

- *Freight revenue under-performed revised budget by \$1.4 million, or 3.5%*
  - *Primarily due to under-performance of TOFC/COFC and Interline business lines*
- *Passenger revenue out-performed revised budget by \$0.1 million, or 6.0%*
  - *Primarily due to over performance of Aurora Winter Train and Special trains*
- *Operating expenses came in over revised budget by \$1.0 million, or 1.6%*
  - *Primarily due to the higher cost of fuel*
- *Real Estate net revenue out-performed revised budget by \$0.4 million, or 8.4%*
  - *Driven primarily by out-performance of lease and permit revenue, and lower-than-expected expenses*

***ARRC cash balance and total debt were \$45.7 million and \$130.5 million, respectively, and net working capital was \$85.1 million***

# Financial Position

at April 30, 2026  
(\$ millions)



- Continuing to maintain strong liquidity at more than 2.0x current assets to current liabilities
- Decrease in year-over-year recourse debt, increase in year-over-year total debt
  - Issued Seward Passenger Dock revenue bonds in August 2025

- ARRC's trailing 12-month cash flow decreased on a year-over-year basis and leverage ratios increased
  - *debt-to-cash flow ratios are a measure of the company's ability to repay its debt from cash flow generated by the business*

	4/30/2025	4/30/2026
Recourse Debt / EBITDA	0.44x	0.24x
Total Debt / EBITDA	0.44x	2.13x



# YTD APRIL 2026 Freight Revenue Performance

## FREIGHT REVENUE (net of fuel surcharge)

**- 3%**

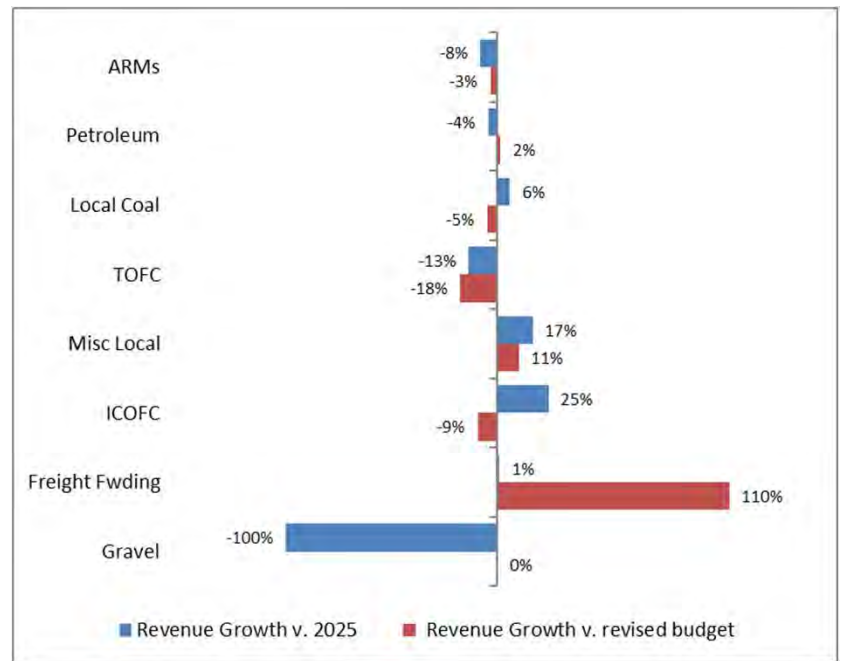
v. revised budget

**- 4%**

v. 2025

- Units: down 9% v. 2025  
down 5% v. revised budget
- Freight Revenue per unit:  
up 5% v. 2025  
up 2% v. revised budget
- *Petroleum, Misc Local. and Freight Forwarding out-performed revised budget*
- *Local Coal, Misc Local, iCOFC and Freight Forwarding out-performed prior year*

## Freight revenue variance



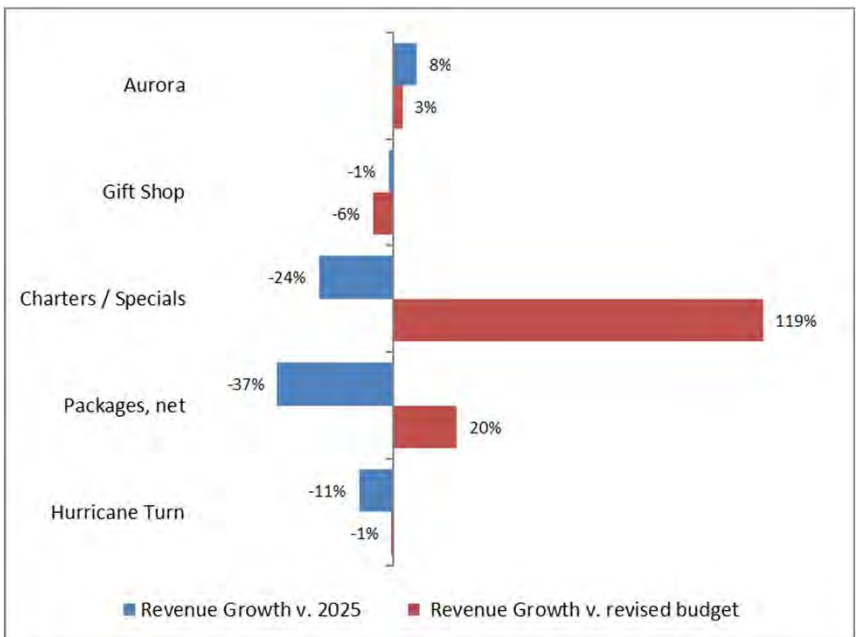
# YTD APRIL 2026 Passenger Revenue Performance

## PASSENGER REVENUE

**+ 6%** v. revised budget  
**- 0.2%** v. 2025

- ARRC Ridership: down 0.5% v. 2025  
up 7% v. revised budget
- Revenue per ARRC passenger:  
up 0.3% v. 2025  
down 1% v. revised budget
- *Aurora Winter Train out-performed prior year.*
- *Aurora Winter Train, Charters/Special trains and Packages (net) out-performed revised budget.*

## Passenger revenue variance



# YTD APRIL 2026 Real Estate Revenue Performance

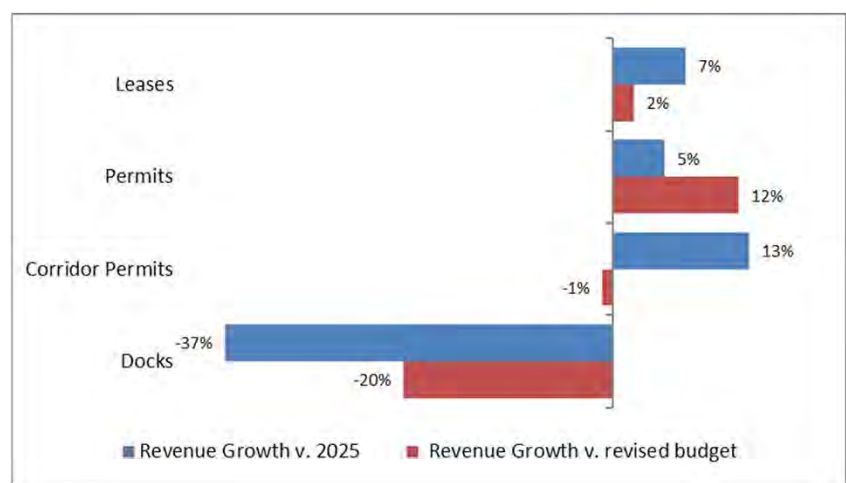
## REAL ESTATE REVENUE

**+ 1%**  
v. revised budget

**+ 2%**  
v. 2025

- Top category of real estate revenue makes up 62% of total real estate revenue
- Leases and Permits out-performed revised budget
- Leases, Permits and Corridor Permits out-performed prior year

## Real Estate revenue variance



# YTD APRIL 2026 Operating Expense Performance

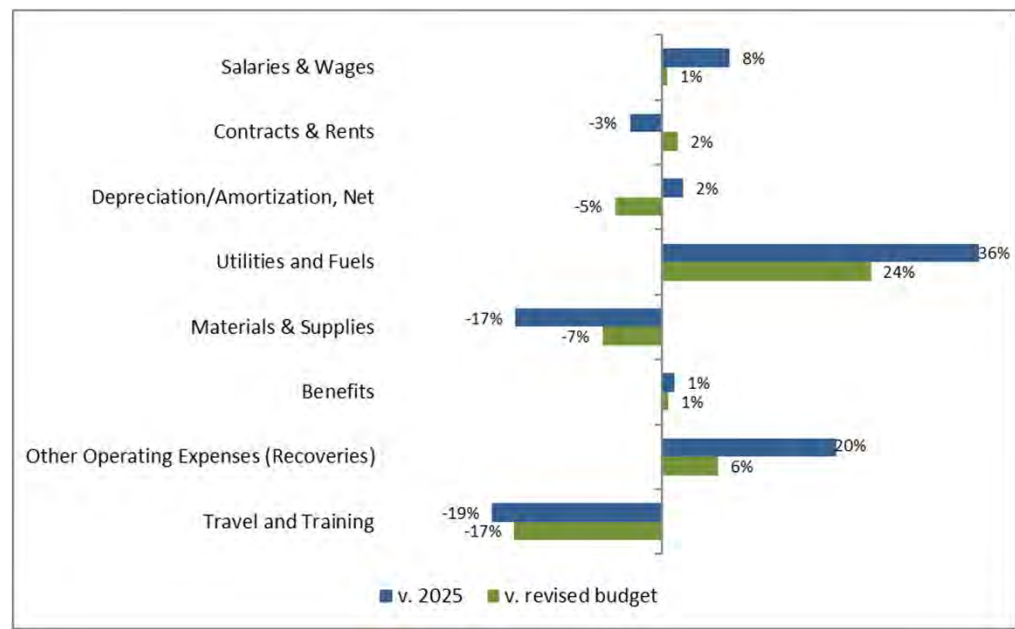
## OPERATING EXPENSES

**+ 2%** v. revised budget

**+ 4%** v. 2025

- Total operating expenses is over revised budget, primarily due to higher-than-expected fuel costs
- Total operating expenses is over prior year, primarily due to increase of fuel expense & salaries and wages

## Operating expense variance



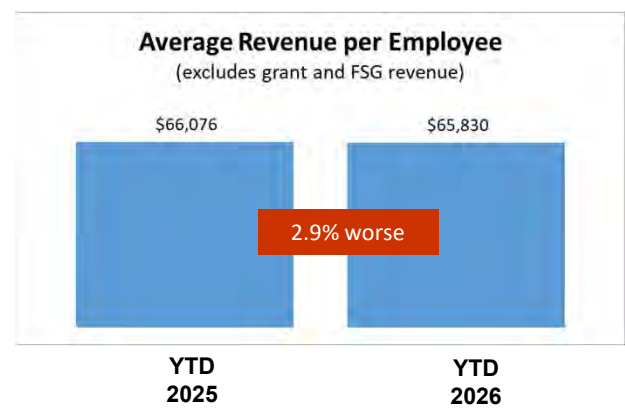
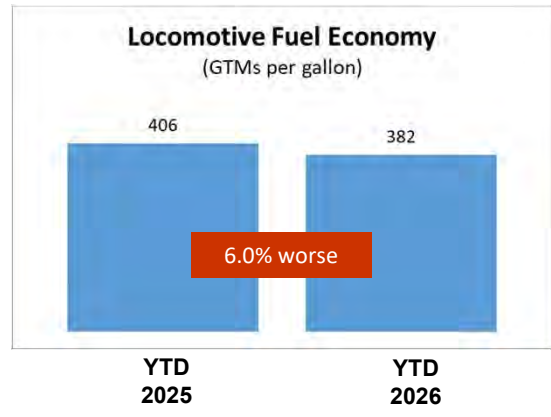
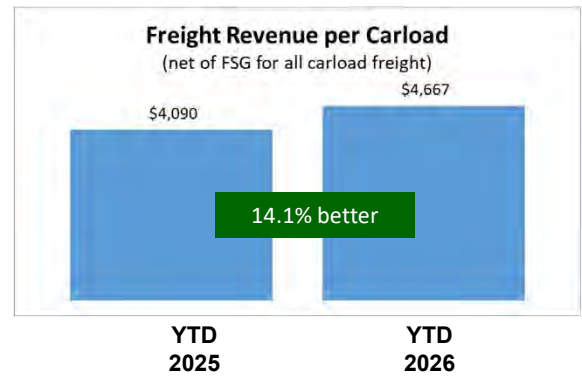
# ➤ YTD APRIL 2026 Financial Performance

\$ millions

	YTD Apr 2026	YTD Revised Budget	Variance from budget	YTD Apr 2025	Variance from prior year
Operating Revenues	\$ 40.6	\$ 41.8	\$ (1.2)	\$ 41.3	\$ (0.7)
Operating Expenses	\$ 64.6	\$ 63.6	\$ 1.0	\$ 62.2	\$ 2.4
Operating Income (Loss)	\$ (24.0)	\$ (21.8)	\$ (2.2)	\$ (20.9)	\$ (3.1)
Real Estate, net	\$ 4.7	\$ 4.3	\$ 0.4	\$ 4.4	\$ 0.3
Other Income (Expense)	\$ (0.1)	\$ (0.1)	\$ 0.0	\$ 0.6	\$ (0.8)
Net Income (Loss)	\$ (19.5)	\$ (17.6)	\$ (1.9)	\$ (15.9)	\$ (3.6)

- *Operating revenue under-performed as compared to revised budget and prior year, primarily due to under-performance of freight revenue.*
- *Operating expenses were over revised budget and prior year*
- *Real Estate net revenue out-performed as compared to revised budget and prior year*
- *Other Income (Expense) under-performed as compared to prior year*
- *As a result, YTD Net Loss was larger then revised budget and prior year*

# YTD APRIL 2026 Operating Highlights





# ➤ YTD APRIL 2026 Net Income Forecast

***Net income forecast for 2026, given actual YTD April performance and the latest revised budget for the remainder of the year, is \$20.2 million, which is \$8.2 million lower than the original budget net income for the year***

- *Forecast net income is lower than expected due to a larger YTD net loss than expected*
- *Freight revenue forecast is \$4.7 million higher than reflected in the original budget due to anticipated increases in fuel surcharge revenue*
- *Passenger revenue forecast is \$0.4 million lower than reflected in original budget due to NCL not utilizing the cruise train the upcoming passenger season*
- *Real Estate net revenue forecast is \$0.6 million lower than reflected in the original budget primarily due to the first few cruise ships being unable to dock in Seward*
- *Operating expense forecast is \$12.2 million higher than reflected in the original budget with larger variances in Transportation, Marketing and Customer Service, Engineering, and Corporate Overhead, primarily due to higher fuel costs, higher equipment rates than expected, and anticipated expenses related to rail expansion initiatives*





# ➤ 2026 Insurance Program Renewal

***July 1 marks the start of our annual insurance renewal. We are requesting authorization to renew the liability and property insurance programs within the defined ranges***

- *Up to 10% over 2026 premium levels for the liability program*
  - *This program provides primary and layered liability coverage with a \$5 million self-insured retention. Market conditions are expected to drive increases in the primary layer, while excess layers are stable. An additional \$79 million of coverage may be required to meet updated passenger liability limits, with an estimated additional \$350,000 annual premium impact, separate from the 10% range above.*
- *Up to 10% over 2026 premium levels for the property program*
  - *This program provides up to \$100 million in coverage with a \$10 million self-insured retention. Market conditions remain dynamic, with increased competition offsetting broader loss trends. Insured asset values have increased approximately 3.5% due to inflation and construction costs.*

***Every effort will be made to renew below the limits provided***

# **2026 May 20 Real Estate Committee Notes FINAL\_05-26-2026**



**Alaska Railroad Corporation  
Board of Directors  
Real Estate Committee Notes**

Date: May 20, 2026  
Time: 9:00 a.m.  
Location: Hybrid Meeting

---

Board Members:

John Binkley, Committee Chair  
John Shively, Committee Member  
John Reeves, Committee Member  
Judy Petry, Committee Member  
TJ Dinsmore, Committee Member – excused  
Commissioner Ryan Anderson, Committee Member  
Commissioner Julie Sande, Committee Member – excused

Staff present:

Christy Terry, Andy Donovan, Kristen Gratrix, Kellyan Taylor, Bill O’Leary, Jennifer Mergens, David Greenhalgh, Michelle Maddox, Andy Behrend, Clark Hopp, Brian Lindamood, Lorine Hall, Amy Kinnaman, Meghan Clemens

Members of the Public:

No Public Attendees

Chair Binkley called the meeting to order at 9:00 a.m. Chair Binkley requested Vice President, Real Estate, Christy Terry to proceed with agenda.

Customer Communication:

Ms. Terry shared with the group that staff has been meeting with the leaseholder regarding the Odom building roof collapse. The insurance carrier is disputing some of the coverage and the leaseholder is continuing to work through that process. In another matter, Ms. Terry stated that the EPA website related to CERCLA and Superfund sites that created problems for one of ARRC’s lessees has now been updated and corrected. That website previously showed the entire ARRC Ship Creek Reserve as a Superfund Site, whereas only the Standard Steel parcel should be reflected as a former Superfund site. Ms. Terry wanted to update the Committee prior to reaching out to the leaseholder and broker that had made us aware of the situation.

Ms. Terry shared that she has been in discussions with Jewel Isaac, LLC owner Seth Church, about potential development in the Chena Landings area of Fairbanks. In another development, Ms. Terry stated that at the Mayor of Nenana requested to meet

with her, Alaska DOT Commissioner Anderson and Alaska DEC Commissioner Bates to discuss developing a plan to pay fair market value for the ARRC land previously approved for sale.

Contracts to be presented to the Board of Directors for consideration:

Resolution No. 2026-08 – Conveyance of State land – ARRC MP379.7

Ms. Terry requested that VP of Engineering/Chief Engineer Lindamood provide a summary of this resolution. Mr. Lindamood stated that there is a mechanism in ARRC's statute for the state, via the Alaska Department of Natural Resources (DNR) to convey land to the Alaska Railroad. The conveyance is to relocate the ARRC right-of-Way (ROW) due to riverbank erosion of the current ROW.

The Committee recommended Board approval.

Contract No. 21287 – 200 Post Road LLC – Anchorage

Ms. Terry shared that the existing customer has a 40-year lease, which is scheduled to expire in 2039 and is looking to perform more improvements under a new 40-year lease term. Ms. Terry did share that the subject parcel has ongoing environmental issues being administered by Alaska Department of Environmental Conservation (ADEC) which ARRC is addressing. The lease holder is being kept informed and aware of the process.

The Committee recommended Board approval.

Contract Nos. 21314 – Tesoro Logistics Operations, LLC - Anchorage

Ms. Terry explained the existing customer has a lease that is scheduled to expire in December 2026. The leaseholder has applied for a new 25-year term. Because the lease is in the Port of Alaska the rental rate is 9%.

The Committee recommended Board Approval.

Briefing/Update

Seward

Dock Traffic

Ms. Terry shared that a large foreign vessel was docked loading fiber optic to go out to rural Alaska. A third Sea-Tac Barge docked at the Seward Freight Dock, due to ice here in the inlet in Anchorage.

## Freight Dock Project

Ms. Terry shared that the dock expansion project is currently out for solicitation, with proposals due in June. Material is currently staged on site. As mitigation, a living reef is being constructed. The mitigation project came in higher than the estimate and a supplemental Authorization for Expenditure (AFE) is forthcoming for the cost difference of the project. A fender has been damaged that is not negatively impacting the dock traffic but is being repaired by a contractor and that work will be charged to the party that damaged the fender.

## Passenger Dock and Terminal Project

Ms. Terry shared that a contingency trestle, float connections, transfer span are in place in addition to the passenger safety items. Water service to the dock is currently being installed. The Terminal building is being used by passengers and our transportation partners.

Ms. Terry shared that she is meeting onsite the next day for a construction update with contractors and customers. Next week there will be operations and vehicle rehearsals. Ms. Terry stated she would provide written update on Friday to the committee members as things are moving quickly for the May 28<sup>th</sup> docking. Ms. Terry shared that she meets with Royal Caribbean Group in charge of the Seward dock opening events weekly and they are moving forward with the June 4<sup>th</sup> event. The Board meeting will take place the following day at the Alaska SeaLife Center.

## Whittier

### City of Whittier Land Sale

The Whittier Land Sale bill has been approved by both the Senate and the House in the Alaska Legislature and is on the Governor's desk for signature. There was a last-minute amendment that added that the fair market sale price could be accomplished by land trade of equivalent value.

## Anchorage

### Downtown Edge Condos at the Rail

Ms. Terry reminded the group of the ribbon cutting event that would occur later that day at the Rail. The Facilities group made a bench out of recycled train wheels which will be presented at the event.

Fairbanks

Chena Trail

Ms. Terry shared that the Alaska Department of Transportation (DOT) had reached out to staff requesting to move forward with the land sale transaction for the trail project. DOT would be starting the pre-platting action which was estimated to take 8-10 weeks.

Following confirmation of no other items for discussion, the meeting was adjourned at 9:27 a.m.

# Executive Committee Public Notes May 20 2026

**Alaska Railroad Corporation  
Board of Directors  
Executive Committee Notes**

Date: May 20, 2026

Location: Zoom Virtual Technology and Executive Conference Room (Hybrid)

---

The Executive Committee was called to order by Chair Shively at 10:00 a.m. on May 20, 2026. Participants included Chair Shively, Director Petry, Vice Chair Binkley, and management staff consisting of Bill O’Leary, Clark Hopp, Andy Behrend, Michelle Maddox, Christy Terry, Brian Lindamood, Megan Clemens, Jennifer Mergens, Amy Kinnaman, David Greenhalgh, and Lorine Hall. Director Reeves was also in attendance.

Ms. Maddox reviewed the financial report through YTD April 2026. Highlights of her presentation included:

- YTD net loss is \$19.5 million, which is larger loss by \$1.9 million according to revised budget.
- Freight revenue underperformed by \$1.4 million, primarily due to the lower volume for ARMs barges, TOFC/COFC and Local Coal. There have been 22 barges YTD April, which matches revised budget. Annual revised budget increased from 68 to 69 total barges, with the loss of one barge in original budget early in the year and 2 barges added in November and December.
- Passenger revenues are out-performing budget with the winter trains, especially the Special Trains and Charters.
- Operating expenses are over budget with the biggest concern being the cost of fuel increases that began in March. Fuel costs are over budget by \$1.7 million YTD. Minimizing the impact of this, materials and supplies, depreciation, and travel and training are under budget.
- Real estate out-performed by \$0.4 million, primarily due to out-performance of car storage revenue and expenses coming in under budget.
- Cash balance is \$45.7 million, and the total debt is \$130.5 million with a total net working capital of \$85.1 million.
- YTD net income forecast is \$20.2 million, which is \$8.2 million lower than original budget.

Mr. O’Leary noted that the 2026 corporate goals had not yet been shared with the Board, and will be included in the June Board Meeting materials. He shared that the goals support the five-year strategic plan previously approved by the Board.

Ms. Maddox discussed upcoming insurance renewals and the associated resolution. [Note – Resolution No. 2026-06 as reflected on the Executive Committee agenda has been corrected to Resolution No. 2026-07 for the Board Meeting agenda]. She shared that the final numbers are not yet in but liability coverage is expected to remain relatively flat, possibly in the 2% range, but staff is asking for up to 10% because it is unknown at this time. Ms. Maddox said it is expected that property coverage is likely to come in closer to 10%. She shared that there is new insurance coverage coming that increases liability from \$323,000,000 to \$402,000,000. That additional \$79,000,000 is

shared with one other railroad. The Committee agreed to recommend approval of the resolution to the full Board.

Mr. Lindamood discussed the Seward Freight Dock and corridor improvements environmental mitigation requirements and the associated resolution. [Note – Resolution No. 2026-08 as reflected on the Executive Committee agenda has been corrected to Resolution No. 2026-09 for the Board Meeting agenda]. He shared that the grant for the dock expansion did not include a “living reef” by the Sea Life Center which is required for the project. Mr. Lindamood said that the bids have come in higher than what was received last year which is the reason for the additional funding request. He noted the project cannot be started until the mitigation is completed. The Committee agreed to recommend approval of the resolution to the full Board.

Mr. Lindamood further discussed the Port of Whittier Operational Efficiency Project and the associated resolution. [Note – Resolution No. 2026-09 as reflected on the Executive Committee agenda has been corrected to Resolution No. 2026-10 for the Board Meeting agenda]. He said this relates to one of the two tunnels into Whittier. Mr. Lindamood said there is a two-phased rehabilitation project to get the tunnel fixed, and this request relates to expanding the tunnel clearance envelope to permit double stack container operations and the purchase of 30 railcars to support that operation. He shared ARRC was awarded a MARAD grant for this project. The Committee agreed to recommend approval of the resolution to the full Board.

Vice Chair Binkley moved to have the Committee recess to Executive Session to discuss the listed Executive Session agenda items. Director Petry seconded the motion. There was no further discussion or objection. The motion was approved and the Board convened to Executive Session at 10:21 a.m. The following items were discussed:

1. Contracts, Claims, Litigation, Personnel and Financial Matters
2. Legislative Update
3. PMRE Update
4. Seward Passenger Dock
5. Gasline Project Update

The Committee went back into public session at 11:19 a.m.

There being no further business to come before the Committee, the meeting adjourned at 11:19 a.m.

**ARRC BOARD OF DIRECTORS MEETING  
EXECUTIVE SESSION AGENDA**

**X. NEW BUSINESS**

**C. Executive Session Briefings**

**Friday, June 5, 2026**

1. Contracts, Claims, Litigation, Personnel and Financial Matters
2. Legislative Update
3. PMRE Update
4. Seward Passenger Dock Project Update
5. LNG Project Update
6. Business Development Report

**All Matters Are Confidential. Public Members will be moved into a private waiting room and rejoined when public session reconvene.**

## **X. NEW BUSINESS**

### **E. Adoption of Consent Agenda**

- 1. Resolution No. 2026-07 - Relating to Insurance Renewal for 2026-2027**
- 2. Resolution No. 2026-08 - Relating to a Request for the Conveyance of State Land Between Healy and Clear, Alaska, Located East of the Nenana River in the Vicinity of ARRC Milepost 379.6 to 379.8 to ARRC Under AS 42.40.360**
- 3. Resolution No. 2026-09 - Relating to Increase in Funding of Environmental Mitigation Required in Conjunction with the Seward Freight Dock and Corridor Improvements Project (AFE No. 11387 S-1)**
- 4. Resolution No. 2026-10 - Relating to Port of Whittier Operational Efficiency Project (AFE No. 11475)**
- 5. Contract No. 21287 - 200 Post Road LLC – Anchorage Reserve**
- 6. Contract No. 21314 - Tesoro Logistics Operations, LLC – Anchorage Reserve**

**TO:** ARRC Board of Directors

**Through:** Bill O'Leary, President & Chief Executive Officer  
Michelle Maddox, Chief Financial Officer *MM*

**FROM:** Roberta Highstone, Risk Manager *RH*

**DATE:** May 14, 2026

**SUBJECT:** Insurance Renewals

The Alaska Railroad Corporation ("ARRC") renews its liability and property insurance policies on July 1, 2026. Various other policies will be renewed within a few months thereafter. This memo is intended to brief you on various aspects of these renewals prior to the June 5, 2026 Board Meeting when the insurance renewals will be presented as an action item.

ARRC maintains a comprehensive property and casualty insurance program, with significant self-insured retentions, as historically summarized in the attached charts. In past years, ARRC has been assisted in the design and implementation of its insurance program by Marsh & McLennan Agency, LLC ("Marsh"). As ARRC's Risk Manager, I work closely with the Marsh insurance professionals to make certain that all aspects of ARRC's exposures are addressed.

#### **YEAR 2025-2026 PERFORMANCE**

The insurance year of 2025-2026 has again been unremarkable as to concerns or incidents impacting ARRC's risk management program. As has been our procedure in the past, the ARRC Legal Department has thoroughly reviewed all incidents that could result in claims against current policies. No incidents have been identified as possibly resulting in a claim against any of the purchased insurance policies in the current claim year.

#### **INSURANCE PROGRAM**

The number of markets available to place ARRC's insurance continues to be very limited. Last year, ARRC's \$75 million general liability policy was underwritten through five U.S. underwriters and its \$323 million shared excess liability policy was underwritten by a consortium of twenty-five European and Bermuda underwriters. As in past years, we have scrutinized all markets with which ARRC does business for stability, terms of insurance policies, and cost.

As has been reported in the past, it is difficult to compare and assess ARRC's insurance program with the programs of other railroads. Frankly, it is impossible to find a railroad that substantially mirrors ARRC's passenger operations and freight commodity mix. ARRC's unique passenger business and high volumes of hazardous materials present

greater risks for underwriters than do other railroads with greater annual revenues. Additionally, ARRC is exposed to catastrophic perils of earthquake and flood, which translates into additional risk to be considered by the property underwriters. Nonetheless, ARRC's current program includes coverages and terms that compare well to other railroads.

ARRC's performance can be measured by our track record in the 41 years since the corporation began doing business. ARRC's spotless property and general liability claim record has benefited it in the marketplace. As shown on the attached charts, we have profited from a decrease in insurance costs over the years, and policy terms have been enhanced at little or no cost. ARRC's annual track renewal, track straightening, tie replacement, and bridge rehabilitation programs have impressed the underwriters with our commitment to and impact on safe operations. The importance of our infrastructure rehabilitation programs cannot be overstated when ARRC is assessed against all other railroads. Reductions in ARRC's premiums on the liability side have no doubt been impacted by our comprehensive capital improvement program. However, losses in the railroad industry, both domestic and foreign, have had a significant effect on the markets with which ARRC does business. Although neither incident resulted in claims against a policy and occurred in 1999, ARRC's own loss experience at Canyon and Gold Creek are issues that continue to be scrutinized by underwriters before setting rates.

Significant domestic and international incidents continue to impact the markets in which ARRC does business. In the year 2025 there were 23 separate billion-dollar events in the US alone that impacted the property excess and reinsurance markets. These events significantly affected insurers who not only write railroad property risk, but the property market at large. Climate change and geopolitical instability also create challenges for insurers. However, an influx of capacity has benefited insureds by creating competition and options for insurance buyers.

Circumstances affecting the liability market include availability of capacity, the impending increase of the Passenger Liability Cap that is expected in July of 2026 and the prevalence of nuclear verdicts coming out of litigated events. Markets are looking for single to low double digit rate increases to maintain capacity and continue to closely scrutinize operations involving the hauling of fuel or any hazardous materials through populated areas.

The Rail Liability markets have significantly changed in recent years, including reduction of an estimated \$500 million dollars of capacity in the commercial marketplace and the increase in the Rail Passenger Transportation Liability Cap from \$323 million to now \$402 million. This has resulted in the Alaska Railroad Corporation having to increase its total liability limits to \$402 million, thereby increasing total costs of liability premiums.

For 2026, we are anticipating increased revenue and payroll, which is the driver of liability insurance premiums. With current market conditions for rail liability rates, we predict there

will be an estimated increase of up to 10% for the premiums for the first layer of liability limits, \$70 million in excess of \$5 million (SIR), over last year's renewal period.

The second layer of limits of \$185 million excess of \$75 million renewed with no increase over last year. The third layer of limits of \$63 million excess of \$260 million renewed with no increase over last year.

Our current limits of \$323 million meets the current Rail Passenger Transportation Liability Cap. Premiums for the second layer are split between 7 railroads. Premium for the third layer is shared with one other railroad.

There are intervening market pressures that have moved the insurance market in a positive direction for buyers over the last 12-18 months. In spite of the challenges we see in the railroad property market, the macro property market has experienced an expansion in capacity which pushes insurers to be more competitive. This competitive environment does filter into rail and has offset some of the headwind. Property insurers are pricing their renewals more competitively in 2026.

Taking into account increased total insured valuations and inflation, property insurance rates continue to increase for programs that have multiple carriers, such as ARRC's program. Increasing reinsurance and capital costs, strong capacity demand, and continued losses are factors driving the increases as well. However, reinsurance pricing in North America has stabilized. Reinsurance is when insurers pass a portion of their policies onto other insurers to reduce the financial cost in the event a claim is paid out, as such, this cost relief has reintroduced competition into the insurance market.

The property market remains in a state of change and we are seeing year on year rating anywhere from +10% to -10%. In spite of record catastrophic losses and significant business interruption events, the market remains resilient. The 2026 Atlantic storm season and drought/wildfire seasons are factors that we continue to watch as they will influence the trend we are seeing.

On this year's renewal we modestly increased the replacement costs of our buildings, bridges and locomotives, however other asset values remain unchanged. Overall, the values at risk have increased 3.5%. These percentages are based on construction trends, equipment costs and inflation. Based on the foregoing, we also predict that there will be an estimated increase of up to 10% for the premiums for our property policies over the last renewal period.

Several potential cost saving measures were considered, including giving consideration to possibly increasing deductibles and/or reducing coverage, however, Marsh feels that measures such as these are only generating minimal cost savings, and are therefore, not worth the additional risk.

As in prior years, we will not know the exact amount of the premiums until just before the renewal date, and the markets can be subject to volatile shifts between now and then. Since the renewal date is after the Board meeting in June, the Board must set an acceptable range of premium increase for renewal at this time.

## **2026-2027 INSURANCE REQUIREMENTS**

Based on premium cost and ARRC's claims experience, ARRC should continue to self-insure a large proportion of its risks. As discussed in past years, the costs associated with "buying down" the self-insured retentions ("SIRs") to a lower level does not put ARRC in a better position to transfer risk, as the associated higher premium is simply not cost effective. We estimate that, on the property side, reducing the SIR from \$10 million to \$5 million could double the 2026-2027 premiums, which are already expected to increase even with the SIR remaining the same. Contract requirements with ARRC's "pull" partners requiring significant limits of insurance and strong indemnity language, as well as the \$10 million insurance line of credit, are risk transfer mechanisms that make better fiscal sense than to buy down the SIR on ARRC's two major policies.

During this renewal period liability insurance limits of will be increase by \$79 million to meet requirements of the new Rail Passenger Transportation Liability Cap and imposed by the manufacturer of equipment for the federally mandated Positive Train Control Project. Several years ago, ARRC's broker was able to structure a shared policy for the excess coverage that the equipment manufacturer demanded. ARRC shares in this policy with several other railroads, as this is the most cost-effective way to put the excess coverage in place. ARRC's share of the increase in premium for this \$79 million is about \$350 thousand. The actual effective of date of the increase of \$79 million is unknown at this time.

In the case of the property insurance policy, I recommend that the limits remain at \$100,000,000. This recommendation is based on ARRC's current property valuations. Similarly, in the case of all other policies, limits should be renewed with no substantial changes in any segment of the program.

Finally, to meet those contingencies that fall within ARRC's self-insured retention, ARRC should continue its \$10 million line of credit that provides cash for incurred liabilities and amortizes losses over a period of years.

## **JUNE BOARD MEETING ACTION**

At the June 5th Board Meeting, you will be asked to authorize renewal of the current insurance policies as discussed above. As no quotes will be available on the date of the meeting, the Board will need to set the parameters for all purchases. As stated, I request purchase authority of a maximum increase of up to 10% for all liability policies. Authority to purchase the additional \$79 million in limits estimated at an annual premium of up to \$350 thousand annually and up to 10% for property policies. Every attempt will be made to control the premium expenditure and to obtain the best price.

Attachments

# Railroad Liability Program

Policy Term	Retention	Primary Limits	Primary Premium	2 Excess	3rd excess	4th excess	5th excess	Shared Excess Limits *	TL Premium	Add'l Limits xs Primary	Total Limits	Gross Revenue
7-1-86/87	\$5,000,000	\$25,000,000	\$795,000						\$795,000		\$25,000,000	
7-1-87/88	\$5,000,000	\$25,000,000	\$705,445						\$705,445		\$25,000,000	
7-1-88/89	\$5,000,000	\$25,000,000	\$700,000						\$700,000		\$25,000,000	
7-1-89/90	\$5,000,000	\$25,000,000	\$675,000						\$675,000		\$25,000,000	
7-1-90/91	\$5,000,000	\$25,000,000	\$575,000						\$575,000		\$25,000,000	
7-1-91/92	\$5,000,000	\$25,000,000	\$575,000						\$575,000		\$25,000,000	\$68,600,000
7-1-92/93	\$5,000,000	\$25,000,000	\$575,000						\$575,000		\$25,000,000	\$67,018,000
7-1-93/94	\$5,000,000	\$25,000,000	\$575,000						\$575,000		\$25,000,000	\$66,000,000
7-1-94/95	\$5,000,000	\$25,000,000	\$575,000						\$575,000		\$25,000,000	\$62,600,000
7-1-95/96	\$5,000,000	\$25,000,000	\$548,375						\$548,375		\$25,000,000	\$59,400,000
7-1-96/97	\$5,000,000	\$25,000,000	\$520,000						\$520,000		\$25,000,000	\$64,300,000
7-1-97/98	\$5,000,000	\$25,000,000	\$520,000						\$520,000		\$25,000,000	\$63,500,000
7-1-98/99	\$5,000,000	\$25,000,000	\$450,000						\$450,000		\$25,000,000	\$69,600,000
7-1-99/00	\$5,000,000	\$25,000,000	\$450,000						\$450,000		\$25,000,000	\$69,600,000
7-1-00/01	\$5,000,000	\$25,000,000	\$450,000						\$450,000		\$25,000,000	\$69,600,000
7-1-01/02	\$5,000,000	\$25,000,000	\$450,000	\$125,000					\$575,000	\$25,000,000	\$50,000,000	\$69,600,000
7-1-02/03	\$5,000,000	\$25,000,000	\$565,000	\$187,500					\$752,500	\$25,000,000	\$50,000,000	\$77,000,000
7-1-03/04	\$5,000,000	\$25,000,000	\$593,250	\$197,000					\$790,250	\$25,000,000	\$50,000,000	\$70,672,000
7-1-04/05	\$5,000,000	\$25,000,000	\$504,263	\$167,460					\$671,713	\$25,000,000	\$50,000,000	\$79,852,000
7-1-05/06	\$5,000,000	\$25,000,000	\$454,000	\$150,000					\$604,000	\$25,000,000	\$50,000,000	\$83,072,000
7-1-06/07	\$5,000,000	\$25,000,000	\$431,300	\$142,500					\$573,800	\$25,000,000	\$50,000,000	\$88,000,000
7-1-07/08	\$5,000,000	\$25,000,000	\$388,170	\$128,250					\$516,420	\$25,000,000	\$50,000,000	\$95,143,047
7-1-08/09	\$5,000,000	\$25,000,000	\$378,500	\$125,000					\$503,500	\$25,000,000	\$50,000,000	\$100,864,000
7-1-09/10	\$5,000,000	\$25,000,000	\$370,930	\$116,375					\$487,305	\$25,000,000	\$50,000,000	\$91,905,000
7-1-10/11	\$5,000,000	\$25,000,000	\$345,000	\$113,000					\$458,000	\$25,000,000	\$50,000,000	\$83,583,000
7-1-11/12	\$5,000,000	\$25,000,000	\$345,000	\$113,000	\$75,000				\$533,000	\$50,000,000	\$75,000,000	\$90,550,000
7-1-12/13	\$5,000,000	\$25,000,000	\$319,725	\$115,500	\$76,500				\$511,725	\$50,000,000	\$75,000,000	\$98,838,540
7-1-13/14	\$5,000,000	\$25,000,000	\$319,725	\$115,500	\$76,500				\$511,725	\$50,000,000	\$75,000,000	\$89,327,431
7-1-14/15	\$5,000,000	\$25,000,000	\$319,725	\$115,500	\$76,500			\$166,666	\$678,391	\$175,000,000	\$200,000,000	\$89,154,159
7-1-15/16	\$5,000,000	\$25,000,000	\$319,725	\$115,500	\$76,500			\$166,666	\$678,391	\$175,000,000	\$200,000,000	\$83,282,000
7/1/16-17	\$5,000,000	\$25,000,000	\$310,255	\$112,250	\$60,000			\$166,666	\$649,171	\$170,000,000	\$195,000,000	\$80,119,067
7/1/17-18	\$5,000,000	\$25,000,000	\$310,255	\$112,250	\$60,000			\$245,275	\$727,780	\$270,000,000	\$295,000,000	\$81,451,769
7/1/18-19	\$5,000,000	\$25,000,000	\$317,355	\$115,671	\$61,800			\$269,750	\$763,676	\$270,000,000	\$295,000,000	\$86,942,647
7/1/19-20	\$5,000,000	\$25,000,000	\$327,795	\$119,477	\$63,833			\$282,184	\$793,289	\$270,000,000	\$295,000,000	\$90,040,864
7/1/20-21	\$5,000,000	\$15,000,000	\$271,725	\$240,000	\$112,500	\$125,000		\$624,225	\$1,373,450	\$303,000,000	\$318,000,000	\$62,177,948
7/1/21-22	\$5,000,000	\$15,000,000	\$275,000	\$252,500	\$118,125	\$131,250		\$670,285	\$1,447,160	\$303,000,000	\$318,000,000	\$53,033,000
7/1/22-23	\$5,000,000	\$15,000,000	\$317,695	\$295,914	\$130,097	\$143,062		\$670,285	\$1,557,053	\$303,000,000	\$318,000,000	\$98,410,181
7/1/23-24	\$5,000,000	\$15,000,000	\$360,280	\$343,333	\$130,097	\$143,062		\$670,285	\$1,647,057	\$303,000,000	\$318,000,000	\$118,915,992
7/1/24-25	\$5,000,000	\$15,000,000	\$366,225	\$349,200	\$153,500	\$124,485	\$40,000	\$715,392	\$1,748,802	\$303,000,000	\$318,000,000	\$129,897,000
7/1/25-26	\$5,000,000	\$15,000,000	\$389,735	\$371,549	\$164,000	\$133,000	\$42,720	\$792,345	\$1,893,349	\$303,000,000	\$318,000,000	\$131,052,000
			\$18,039,453					\$5,439,024	\$30,135,227		YOY % change	0.9%

## Property Program since 1986

Policy Term	Deductible	Primary Layer	Total Premium	TIV	Total Rate
1986 - 2010			\$4,735,484		
7-1-10/11	\$10,000,000	\$25,000,000	\$414,204	\$838,002,700	\$0.05
7-1-11/12	\$10,000,000	\$25,000,000	\$433,903	\$838,471,358	\$0.05
7-1-12/13	\$10,000,000	\$25,000,000	\$447,065	\$852,796,065	\$0.05
7-1-13/14	\$10,000,000	\$25,000,000	\$447,056	\$867,577,958	\$0.05
7-1-14/15	\$10,000,000	\$65,000,000	\$501,090	\$1,218,528,258	\$0.04
7-1-15/16	\$10,000,000	\$100,000,000	\$550,975	\$1,322,428,258	\$0.04
7-1-16/17	\$10,000,000	\$100,000,000	\$502,214	\$1,329,905,858	\$0.04
7-1-17/18	\$10,000,000	\$100,000,000	\$447,679	\$1,329,905,858	\$0.03
7-1-18/19	\$10,000,000	\$100,000,000	\$858,688	\$2,067,747,050	\$0.04
7-1-19/20	\$10,000,000	\$100,000,000	\$974,281	\$2,067,747,050	\$0.05
7-1-20/21	\$10,000,000	\$100,000,000	\$1,310,633	\$2,094,753,568	\$0.06
7-1-21/22	\$10,000,000	\$100,000,000	\$1,345,857	\$1,957,829,078	\$0.07
7-1-22/23	\$10,000,000	\$100,000,000	\$1,451,806	\$2,055,134,645	\$0.07
7-1-23/24	\$10,000,000	\$100,000,000	\$1,737,912	\$2,204,784,109	\$0.08
7-1/24/25	\$10,000,000	\$100,000,000	\$1,714,953	\$2,234,019,856	\$0.08
7-1/25/26	\$10,000,000	\$100,000,000	\$1,550,771	\$2,308,798,262	\$0.07
			<b>\$19,424,571</b>		

Adopted:

Resolution No. 2026-07

Relating to Insurance Renewal for  
2026-2027

WHEREAS, the Alaska Railroad Corporation Act, AS 42.40.520, requires the Alaska Railroad Corporation (ARRC) to protect its assets, services, and employees by purchasing insurance or providing for certain self-insurance retentions; and

WHEREAS, ARRC has established a risk management program and contracted with Marsh & McLennan Agency, LLC to advise the corporation on its insurance needs and insurance availability and to assist ARRC in obtaining insurance; and

WHEREAS, ARRC's various liability and property insurance policies must be renewed on July 1<sup>st</sup> of each year; and

WHEREAS, ARRC's insurance brokers have carefully reviewed the corporation's insurance needs and the current state of the insurance markets; and

WHEREAS, based on their review, ARRC's insurance brokers have advised that the premiums for ARRC's liability insurance policies may increase, but not more than 10% over the aggregate premiums ARRC paid for liability insurance for the 2025-2026 insurance year; and

WHEREAS, based on their review, ARRC's insurance brokers have also advised that ARRC will have to increase limits of liability under the Shared Excess program by an additional \$79 Million as mandated by an increase in the Rail Passenger Transportation Liability Cap.

WHEREAS, based on their review, ARRC's insurance brokers have advised that the premiums for ARRC's property insurance policies may increase by an estimated 10% over the aggregate premiums ARRC paid for property insurance for the 2025-2026 insurance year; and

WHEREAS, a summary of the ARRC's current insurance coverages and premiums is attached hereto as Attachment "A"; and

WHEREAS, it is necessary for the Board to authorize insurance renewals at this time because quotes from insurance underwriters are not provided to ARRC until just prior to the July 1, 2026, renewal date.

NOW THEREFORE BE IT RESOLVED that the President and Chief Executive Officer, or his designee, is hereby authorized to procure ARRC's General Liability, Shared Excess Liability, Property, Fiduciary Liability, Directors & Officers Liability, Crime, and Boiler and Machinery insurance policies within the limits of coverage set forth in Attachment "A" and

at an aggregate premium level not to exceed (i) a 10% increase over the total premiums paid for liability policies for the 2025-2026 insurance year; (ii) an additional premium necessary to purchase an additional \$79 million in limits, which such estimated annual premium is \$350 thousand; and (iii) a 10% increase over the total premiums paid for property insurance policies for the 2025-2026 insurance year.

**ATTACHMENT "A"**

**ALASKA RAILROAD CORPORATION  
2025 - 2026  
INSURANCE PROGRAM**

<u>Coverages</u>	<u>Retention/ Deductible</u>	<u>Policy Limits</u>	<u>2025- 2026 Premium</u>
Liability (third party personal injury & property damage)	\$5,000,000	\$70,000,000	\$1,101,004
Shared Excess Liability (6)*	\$75,000,000	\$248,000,000	\$ 360,345
Shared Excess Liability (1)**			\$ 216,000
Property (ARRC property damage)	\$10,000,000	\$100,000,000	\$1,550,771
Workers' Compensation	Self-Insured	N/A	
Fiduciary Liability	\$10,000	\$5,000,000	[included in D&O Policy]
Crime	\$10,000	\$1,000,000	[included in D&O Policy]
Directors & Officers	\$-0- for individuals; \$50,000 corporate retention per loss	\$5,000,000	\$ 117,583
Boiler & Machinery	\$10,000	\$24,000,000	<u>\$ 63,018</u>
Total 2025-2026 premiums			= \$3,349,721

- \* Premium shared with 6 Railroads
- \*\* Premium shared with 1 Railroad

---

Line of Credit (solely for insurance contingencies in excess of \$1,000,000)	\$10,000,000	\$35,000
--	--------------	----------

Adopted:

Resolution No. 2026-08

Relating to a Request for the  
Conveyance of State Land Between  
Healy and Clear, Alaska, Located East  
of the Nenana River in the Vicinity of  
ARRC Mileposts 379.6 to 379.8 to  
ARRC under AS 42.40.360

WHEREAS, the Alaska Railroad Corporation (ARRC) owns, operates and maintains a contiguous utility corridor between Seward and Fairbanks, Alaska, for the safe and efficient operation of trains and other utilities under AS 42.40; and

WHEREAS, ARRC continues to foster economic development for the State of Alaska through railroad operations and land management; and

WHEREAS, freight and passenger service from tidewater to the Interior is critical to the economic welfare of the State; and

WHEREAS, a portion of ARRC's mainline railroad right-of-way (ROW) is located adjacent to the Nenana River between Healy and Clear; and

WHEREAS, the Nenana River has been eroding and continues to erode the existing ROW in the vicinity of ARRC Mileposts 379.6 to 379.8; and

WHEREAS, ARRC has performed engineering studies to determine the most economical and efficient steps to mitigate the danger of an emergency closure due to a washout; and

WHEREAS, said studies have determined the best mitigation is a realignment of the existing track; and

WHEREAS, according to Sec. 603(11)(A) of the Alaska Railroad Transfer Act of 1982, codified at 45 U.S.C. 1202(11)(A), the Alaska Railroad right-of-way is defined as "an area extending not less than one hundred feet on both sides of the center line of any main line or branch line of the Alaska Railroad"; and

WHEREAS, the lands for the proposed realignment are State lands managed by the Alaska Department of Natural Resources (DNR); and

WHEREAS, subsection AS 42.40.360(b) of the Alaska Railroad Corporation Act provides that the Board may request the Commissioner of the DNR to convey State land to ARRC that is necessary or useful for present or future railroad purposes.

NOW THEREFORE BE IT RESOLVED that the ARRC Board of Directors hereby finds that the two parcels of land described below (Parcels) are necessary for present railroad purposes for use as railroad ROW and formally requests that the Commissioner of the Alaska Department of Natural Resources convey said Parcels to ARRC in accordance with the provisions of AS 42.40.370. The Parcels are depicted on that certain map titled "MP 379.6 to 379.8 Realignment" dated April 27, 2026, which is appended to this resolution as Exhibit 1. The Parcels are generally described as follows:

A parcel of land on the east side of the existing railroad right-of-way, approximately 5.61 acres in size, with limits from the existing railroad right-of-way to 100 feet offset from the realignment, and located in Section 13, Township 9 South, Range 9 West, Fairbanks Meridian; and,

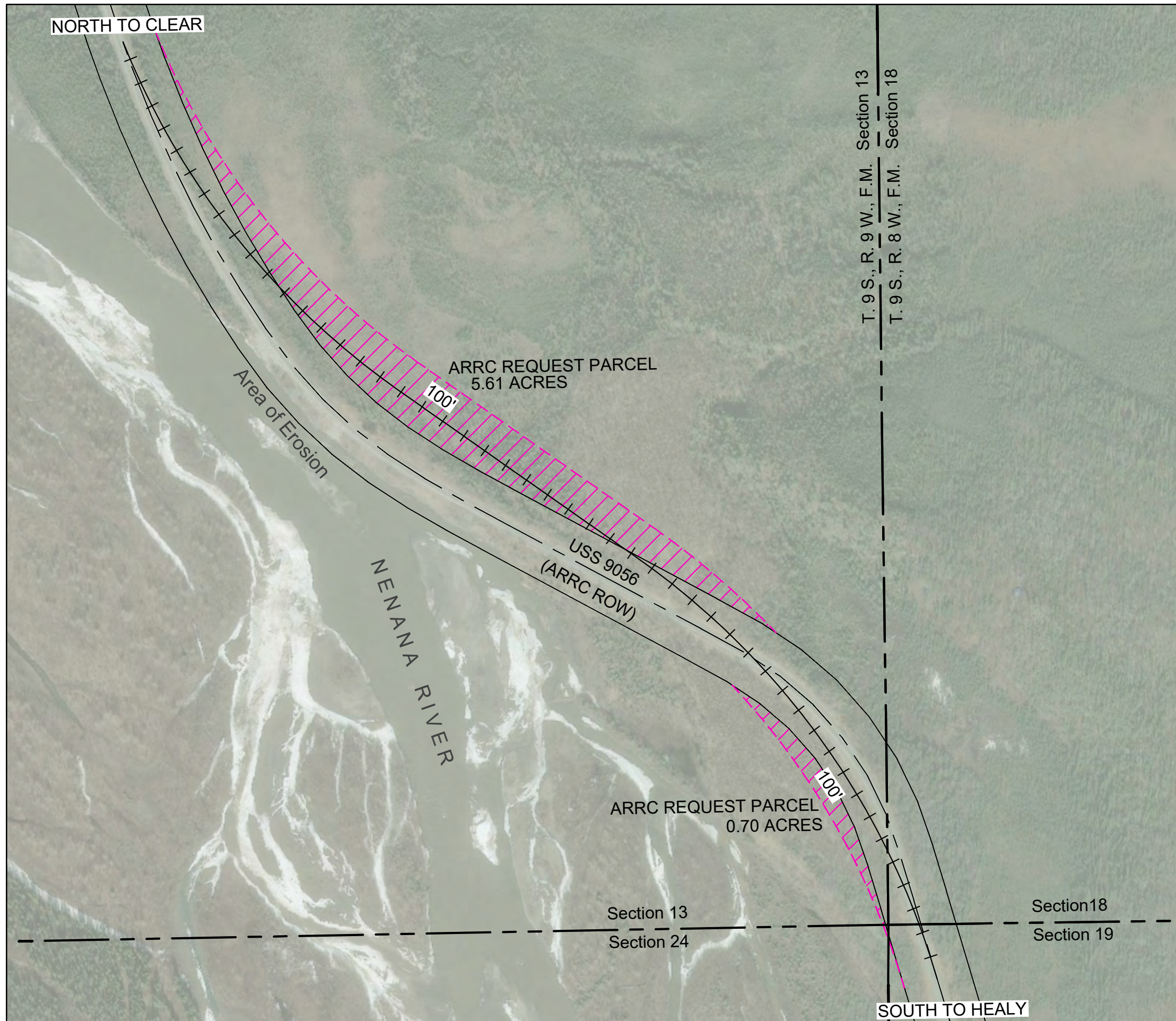
A parcel of land on the west side of the existing railroad right-of-way, approximately 0.70 acres in size, with limits from the existing railroad right-of-way to 100 feet offset from the realignment and located in Section 13, and Section 24, Township 9 South, Range 9 West, and Section 19 of Township 9 South, Range 8 West, all in the Fairbanks Meridian.

NOW THEREFORE BE IT FURTHER RESOLVED that the ARRC Board of Directors hereby formally requests that, prior to final conveyance of the Parcels, they be more precisely defined by means of a land survey.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the ARRC Board of Directors hereby directs and authorizes the President and CEO, or his designee, to take such actions as are reasonably necessary to accomplish the conveyance of the Parcels, if approved by DNR, including negotiating, finalizing and executing all documents necessary to complete said conveyance.

**Exhibit 1 to Resolution No. 2026-08.**

Map titled "MP 380 Realignment - ROW Acquisition", dated February 2015.



**Legend**

	DESIGN ALIGNMENT
	ARRC PARCEL REQUEST AREAS
	EXISTING TRACK CENTERLINE
	EXISTING RIGHT OF WAY
	SECTION AND TOWNSHIP LINES

**NOTES:**  
 This exhibit is to together with ARRC Board Resolution Relating to a Request for the Conveyance of State Land Located between Healy and Clear, Alaska, located on east of the Nenana River in the Vicinity of ARRC Mileposts 379.7, to ARRC under AS 42.40.360

EXHIBIT 1 MP 379.6 to 379.8 REALIGNMENT	
LANDS REQUESTED FROM DNR IN ACCORDANCE WITH AS 42.40.370	
<b>ALASKA RAILROAD CORPORATION</b> REAL ESTATE DEPARTMENT, LAND SERVICES P.O. BOX 107500, ANCHORAGE, ALASKA 99510-7500	
NENANA RECORDING DISTRICT	SHEET 01 OF 01
DRAWN: ENG	CHECKED: JSR
DATE: 04/27/2026	

Adopted:

Resolution No. 2026-09

Relating to Increase in Funding of Environmental Mitigation Required in Conjunction with the Seward Freight Dock and Corridor Improvements Project (AFE No. 11387 S-1)

WHEREAS, the Alaska Railroad Corporation (ARRC) owns and operates a dock at the head of Resurrection Bay in Seward, Alaska (Seward Freight Dock), which primarily serves cargo vessels transporting containerized, breakbulk and bulk cargoes; and

WHEREAS, ARRC has developed the Seward Freight Dock and Corridor Improvements Project (Project) to extend the length of the primary Seward Freight Dock by approximately 375 feet to deeper water and to improve the safety of the roadway connection between the Seward Freight Dock and the nearby road system; and

WHEREAS, on May 14, 2020, in order to obtain funding for the Project, ARRC submitted an application to the Federal Maritime Administration (MARAD) for a Port Infrastructure Development Program (PIDP) discretionary grant; and

WHEREAS, on October 15, 2020, MARAD announced a PIDP grant award to ARRC for the Project in the amount of \$19,775,425 which represented 78.24% of the necessary Project funding (MARAD Grant); and

WHEREAS, at its meeting on September 22, 2021, the ARRC Board of Directors passed Resolution No. 2021-11 approving AFE No. 10963, which funded the Project with MARAD PIDP grant funds, matching funds from ARRC and in-kind matching value from the City of Seward, for total Project funding of \$25,279,425 and

WHEREAS, at its meeting of June 13, 2023, the Board of Directors passed Resolution No. 2023-17 approving AFE No. 10963 S-1, which added \$560,575 in internal overmatch funds to address a revised Project scope necessitated by Project cost escalations and resulted in total revised Project funding of \$25,840,000; and

WHEREAS, mitigation of Project-related environmental impacts to waters of the United States is required by the National Oceanic and Atmospheric Administration (NOAA) and U.S. Army Corps of Engineers (USACE) and is a required component of the USACE construction permit for the Project; and.

WHEREAS, mitigation meeting the criteria of the construction permit must therefore be completed as one of the many components required for the construction of the Project to proceed; and

WHEREAS, the Alaska SeaLife Center is partnering with ARRC to develop a mitigation plan consisting of the creation of an artificial reef structure to be constructed in the vicinity of the Alaska SeaLife Center using components known as reef balls (Mitigation Plan); and

WHEREAS, although funding to develop and design the Mitigation Plan is included in the funding for the MARAD Grant, funding for the implementation and subsequent performance monitoring of the Mitigation Plan is not included in the MARAD Grant; and

WHEREAS, the Board of Directors previously approved, at its meeting of June 25, 2025, AFE No.11387, providing for the expenditure of \$500,000 consisting of 100% ARRC internal funds to fund the costs associated with implementing the Mitigation Plan, including purchasing reef ball molds, creating and installing the reef balls, and subsequent performance monitoring; and

WHEREAS, market factors, including limited marine vessel availability and higher than expected costs for fuel, reef mold fabrication, transportation, monitoring and reporting, have significantly increased mitigation installation costs for those items; and

WHEREAS, proposed AFE No. 11387 S-1 would increase AFE No. 11387 by \$337,470, consisting of 100% internal ARRC funds, in order to supplement the funding to meet the above-described increase in implementation costs; and

WHEREAS, ARRC's Approval Authority Guide requires Board approval of unbudgeted capital expenditures in excess of \$300,000; and

NOW, THEREFORE, BE IT RESOLVED, that the ARRC Board of Directors has considered the proposed increase in funding for the implementation and monitoring of the Mitigation Plan developed for the Seward Freight Dock and Corridor Improvements Project as presented by ARRC Management and hereby approves AFE No. 11387 S-1 in the amount of \$337,470 for the purposes stated therein, which brings the total amount of AFE No. 11387 to \$837,470.

**Alaska Railroad Corporation**  
**Authorization for Expenditure Form**

For Accounting Use Only

**AFE# 11387 S-1**

Page 1

General Information:	
AFE Title:	<b>Seward Freight Dock Mitigation</b>
Prepared By:	<b>Elizabeth Greer</b>
Resp. Center (Name):	<b>Dock Operations &amp; Maintenance</b>
Resp. Center (#):	<b>8910</b>
Depreciation Center:	<b>8910-Dock Ops &amp; Maintenance</b>
Line of Business:	<b>Corporate</b>
Spending Timetable:	
2025	
2026	\$ 250,000
2027	\$ 587,470
2028	\$ -
2029	\$ -
<b>Total</b>	<b>\$ 837,470</b>
Other Information	
Useful Life (Years):	20
Annual Depreciation:	\$ 41,874
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Unbudgeted
Total Amount	\$	837,470
Source of Funding	ARRC	\$ 837,470
Source of Funding		\$ -
Source of Funding		
Grant Number	N/A	
Grant Name	N/A	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 500,000	05/30/25
Supplemental #1	\$ 337,470	05/04/26
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
<b>Total</b>	<b>\$ 837,470</b>	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
<b>Project Manager:</b>	<b>Elizabeth Greer</b>	<i>Elizabeth Greer</i>	5/21/2026
<b>Responsible Owner:</b>	<b>Shane Maloney</b>	<i>Shane Maloney</i>	5/21/2026
<b>VP, Owner Department:</b>	<b>Brian Lindamood</b>	<i>[Signature]</i>	5/21/2026
<b>Functional User(s):</b>	<b>Dwayne Atwood</b>	<i>Dwayne Atwood</i>	5/21/2026
<b>Chief Operating Officer:</b>	<b>Clark Hopp</b>	<i>Clark Hopp</i>	5/26/2026
<b>Grant Administration:</b>	<b>Christina Isabelle</b>	<b>N/A</b>	
<b>Chief Financial Officer:</b>	<b>Michelle Maddox</b>		
<b>Accounting Department:</b>	<b>Amy Kinnaman</b>	<i>Amy Kinnaman</i>	5/21/2026
<b>CEO &amp; President:</b>	<b>Bill O'Leary</b>	<i>Bill O'Leary</i>	5/21/2026
<b>Board of Directors:</b>	<b>John Shively</b>		

\*\*\*Original Form Must Be Returned to Accounting\*\*\*

**Alaska Railroad Corporation**  
**Authorization for Expenditure Form**

For Accounting Use Only

**AFE# 11387 S-1**

Page 2

<b>Is this project related to health and/or safety?</b>	<b>No</b>	<b>If yes describe:</b>
---	-----------	-------------------------

**Scope of Work:**

The project will contract for the fabrication of an artificial reef using reef balls in Seward, AK near the Alaska SeaLife Center. This project facilitates the required environmental mitigation for the Seward Freight Dock (SFD) Expansion. Funding will support the purchase of reef ball molds, creation of the reef balls, installation and performance monitoring. Funding does not include design or permitting of this mitigation plan which is included in the scope of the SFD MARAD Grant.

**ARRC Business Justification**

Mitigation is required by regulatory agencies National Oceanic and Atmospheric Administration (NOAA) and U.S. Army Corps of Engineers (USACE) and a required component of the USACE construction permit.

There is no mitigation bank available in this area and a mitigation project must be proposed for impacts to waters of the US. This mitigation project meets the criteria for the construction permit and is one of many components required for the SFD construction to proceed.

The SeaLife Center is partnering with us on this effort, which has been helpful in developing this mitigation plan.

Scope to develop and design the mitigation plan is included in the MARAD grant but does not include project implementation and performance monitoring.

**Supplemental No. 1 increases the budget by \$337,470, primarily due to under budgeted installation costs. Despite mitigation efforts, market factors—limited marine vessel availability and higher fuel costs—drove installation expenses to approximately twice the AFE. Additional increases relate to reef mold fabrication, transportation, and monitoring and reporting.**

**Alternatives Considered:**

Alternatives were considered by the project team and discussed with regulatory agencies. The mitigation needs to be acceptable by the agencies, and economical. Creation of a reef using reef balls was considered economical, the easiest, and a community enhancing project. Our partnership with the SeaLife Center allows development support and cost effective monitoring making this the preferred alternative.

**Preliminary Budget:**

Line Description	Amount
Equipment	\$ -
Labor (Fully Burdened)	\$ 15,000
Materials	
Contracts	\$ 822,470
Other Expenses	\$ -
<b>Total</b>	<b>\$ 837,470</b>

**Note:** All health and/or safety related project(s) should be the highest ranked project(s) in the department.

Adopted:

Resolution No. 2026-10

Relating to Port of Whittier Operational Efficiency Project (AFE No. 11475)

WHEREAS, the Alaska Railroad Corporation (ARRC) owns and maintains a marine terminal and other waterfront infrastructure, mainline railroad tracks, a rail yard and other facilities in its Whittier Reserve in Whittier, Alaska (collectively, the Whittier Terminal); and

WHEREAS, the Whittier Terminal is connected to the ARRC rail system's mainline by the Whittier Branch line, which passes through two tunnels, including a 5,050-foot rail-only tunnel located at on the Whittier Branch at Milepost F5.8 (Portage Tunnel); and

WHEREAS, persistent freeze-thaw conditions within the Portage Tunnel have caused continuous degradation of the tunnel walls resulting in hazardous rockfall conditions that pose the potential for rockfall strikes to rolling stock, passengers, and rail workers, which could result in significant property damage, injuries and/or deaths; and

WHEREAS, other hazards resulting from the current tunnel conditions include potential derailments due to ice buildup, danger from large falling ice masses and decreased clearances for on-track equipment; and

WHEREAS, the Portage Tunnel's limited clearance envelopes present the last remaining barrier to ARRC adopting industry-standard double-stack container service to Whittier; and

WHEREAS, ARRC has developed a multi-phased approach to addressing the above-described issues by upgrading the Portage Tunnel through work on structures, portals, doors, clearance envelopes, liners and multi-plate; and

WHEREAS, ARRC prepared a Whittier Master Plan using Port Infrastructure Development Program (PDIP) funding from the Federal Maritime Administration (MARAD) for long-term planning and optimization of the Whittier Terminal, and that plan identified the use of double-stack intermodal equipment as the primary means to improve the efficiency of rail operations within the Whittier Terminal; and

WHEREAS, ARRC's aging flat car fleet is being reviewed for replacement, at least in part, with modern double-stack well cars; and

WHEREAS, on September 08, 2025, in order to obtain funding for the Project, ARRC submitted an application to the Federal Maritime Administration (MARAD) for a Port Infrastructure Development Program (PIDP) discretionary grant for the rehabilitation and clearance improvements for the Portage Tunnel (except for replacement of the portals) and up to \$6,000,000 in double-stack well cars (collectively, the Project); and

WHEREAS, on April 22, 2026, MARAD announced a PIDP grant award to ARRC for the Project in the amount of \$20,397,960 which represented 70% of the necessary Project funding (MARAD Grant); and

WHEREAS, proposed AFE No.11475 would authorize the expenditure of up to \$28,997,450 to fund costs associated with the Project, including (i) upgrading the Portage Tunnel through work on structures, doors, clearance envelopes, liners and multi-plate; and (ii) purchasing double-stack well cars; and

WHEREAS, funding for this project is 70% MARAD PIDP grant funds in the amount of \$20,397,960 and 30% ARRC internal funds in the amount of \$8,599,490, for a total amount of \$28,997,450; and

WHEREAS, ARRC's Approval Authority Guide requires Board approval of unbudgeted capital expenditures in excess of \$300,000, with higher estimated cost matters requiring Board approval.

NOW, THEREFORE, BE IT RESOLVED, that the ARRC Board of Directors has considered the proposed funding of the implementation and monitoring of the Project, including both the rehabilitation and expansion of the Portage Tunnel and purchasing double-stack well cars, as presented by ARRC Management and hereby approves AFE No. 11475 in the total amount of \$28,997,450 for the purposes stated therein.

**Alaska Railroad Corporation**

**Authorization for Expenditure Form**

For Accounting Use Only

**AFE# 11475**

Page 1

General Information:	
AFE Title:	<b>Port of Whittier Operational Efficiency Project</b>
Prepared By:	<b>Breanna Byrd</b>
Resp. Center (Name):	<b>Capital Projects</b>
Resp. Center (#):	<b>2200</b>
Depreciation Center:	<b>1318-Maintenance Depreciation</b>
Line of Business:	<b>Transportation/Mechanical</b>
Spending Timetable:	
2026	\$ 158,036
2027	\$ 313,172
2028	\$ 7,063,779
2029	\$ 21,462,463
2030	\$ -
<b>Total</b>	<b>\$ 28,997,450</b>
Other Information	
Useful Life (Years):	25
Annual Depreciation:	\$ 1,159,898
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2026 Unbudgeted
Total Amount	\$	28,997,450
Source of Funding	ARRC (30%)	\$ 8,599,490
Source of Funding	MARAD (70%)	\$ 20,397,960
Source of Funding		\$ -
Grant Number		
Grant Name		
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 28,997,450	05/12/26
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
<b>Total</b>	<b>\$ 28,997,450</b>	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
<b>Project Manager:</b>	<b>Gabriel Thomas</b>		5/22/2026
<b>Responsible Owner:</b>	<b>Lloyd Tesch</b>		5/22/2026
<b>VP, Owner Department:</b>	<b>Brian Lindamood</b>		5/22/2026
<b>Functional User(s):</b>	<b>Lloyd Tesch</b>		5/22/2026
<b>Chief Operating Officer:</b>	<b>Clark Hopp</b>		5/26/2026
<b>Grant Administration:</b>	<b>Christina Isabelle</b>		5/26/2026
<b>Chief Financial Officer:</b>	<b>Michelle Maddox</b>		
<b>Accounting Department:</b>	<b>Amy Kinnaman</b>		5/22/2026
<b>CEO &amp; President:</b>	<b>Bill O'Leary</b>		5/22/2026
<b>Board of Directors:</b>	<b>John Shively</b>		

\*\*\*Original Form Must Be Returned to Accounting\*\*\*

**Alaska Railroad Corporation**  
**Authorization for Expenditure Form**

For Accounting Use Only

**AFE# 11475**

Page 2

<b>Is this project related to health and/or safety?</b>	<b>Yes</b>	<b>If yes describe:</b>
---	------------	-------------------------

Improvements to the drainage systems will reduce subgrade saturation, thereby increasing track stability. The installation of ice shields will mitigate ice accumulation hazards on the rail. Rock stabilization measures will control loose rock and prevent rockfall hazards, reducing the potential for injury, equipment damage, and service disruptions. Communication upgrades will allow for safe and connected, in tunnel travel.

**Scope of Work:**

Upgrade the 5,050-foot railroad tunnel that connects the Port of Whittier to the ARRC mainline track located at MP F5.8 (Portage Tunnel). This tunnel is used exclusively by ARRC freight and passenger trains.

The project includes expanding tunnel clearance envelope to permit double stack container operations and purchase 30 railcars for the container service to allow double stacking of containers.

The Project will upgrade and improve the Portage Tunnel, which connects the Port of Whittier to ARRC's main line servicing Anchorage and Fairbanks.

Tunnel rehabilitation includes drainage upgrades, substructure/subgrade rehabilitation, removal of deteriorated timber sets, communication systems upgrades, rock stabilization, ice shields and expansion of the tunnel clearance to support double-stack containers. These improvements will enhance safety, reliability, and freight capacity.

MARAD is providing \$20,397,960 towards the full budget of \$28,997,450 and ARRC will provide the full match of \$8,599,490

Total	MARAD 70%	ARRC 30%
\$ 28,997,450.00	\$ 20,397,960.00	\$ 8,599,490.00

**ARRC Business Justification**

This project will allow ARRC to double stack containers on well cars going to and from Whittier. This will reduce train lengths and generate efficiencies for switching operations at the Port of Whittier Yard and Anchorage Yard, reduce double handling of containers at the Port of Whittier, and increase capacity to divert volumes from truck to rail. In addition, the rehabilitation improvements will reduce maintenance requirements for the Portage Tunnel.

**Alternatives Considered:**

Lowering the subgrade was evaluated as an alternative; however, due to the tunnel's geometric constraints, this approach alone would not provide sufficient clearance to accommodate double-stacked railcars.

**Preliminary Budget:**

Line Description	Amount
Equipment	\$ 6,386,160
Labor (Fully Burdened)	\$ 1,031,376
Materials	\$ -
Contracts	\$ 21,579,914
Other Expenses	\$ -
<b>Total</b>	<b>\$ 28,997,450</b>

**Note:** All health and/or safety related project(s) should be the highest ranked project(s) in the department.

**LEASE SUMMARY**

LESSEE: 200 Post Road, LLC

CONTRACT NO: 21287

**LEASE DESCRIPTION:** Lease of a parcel of land situated north of Ship Creek within the ARRC Anchorage Reserve located at street address 200 N. Post Road and described as follows:

A portion to Sections 8 and 17, Township 13 North, Range 3 West, Seward Meridian, Alaska; situated in the ARRC Anchorage Reserve, Third Judicial District, containing, 175,599 square feet more or less.

**KEY CONTRACT PROVISIONS:**

Estimated Effective Date: June 1, 2026

Rent Rate: 8%

Lease Term: Forty (40) Years

Rent Adjustment: Rent adjusted every 5 years, with adjusted annual rent not to exceed 135% of the prior year's annual rent or to decrease to less than 65% of the prior year's annual rent with the exception of lease years 21-through 25. For lease years 21 through 25, annual Rent will be adjusted per fair market value established by appraisal without regard to any rent floors or caps.

Option to Extend: N/A

Lease Area: 175,599 sq. ft., more or less.

Base Annual Rent: \$133,455.00 (based on 2024 appraisal value)

Prior Annual Rent: \$133,455.24 annually

---

**PUBLIC NOTICE:** Yes, public comment will expire May 27, 2026.

**LEGAL REVIEW:** Yes

**INTENDED USE:** Storage, boat repair, and construction operations consistent with Lessee's business.

**SUMMARY AND RECOMMENDATIONS:** Lessee currently leases the property under a ground lease for a term of forty (40) years. The current lease is scheduled to expire October 31, 2039. Lessee is requesting a new forty (40)-year ground lease for potential site improvements. Approval is recommended.

**APPROVED:** \_\_\_\_\_

**Board Meeting Date:** \_\_\_\_\_

Jennifer Mergens  
ARRC Board Secretary



**LEGEND**

- 5/8" by 30" Rebar
- ARRC Lease Line
- ARRC Lease Parcel
- ARRC Existing Parcel
- Railroad Tracks

**NOTES**

1. For indexing purposes this property is located in the Sec.17, T13N R03W S.M.
2. Building footprints and road centerlines from MOA publicly available imagery collected in 2024.
3. This exhibit is together with an a made a part of a legal description describing Lease 21287.
4. 5/8" by 30" rebar, set by R.L. Button (S-1192) for Lot Survey Certification Survey, dated 10-16-1981, in the Records of the Alaska Railroad Corporation.

EXHIBIT A | ARRC CONTRACT NO. 21287  
 Lease - 200 Post Road, LLC  
 Area = 175,599 sq ft± (4.03 ac±)  
 LOCATED WITHIN  
 U.S. Survey 408 Block 48 and Block 40A

**ALASKA RAILROAD CORPORATION**  
 REAL ESTATE DEPARTMENT, LAND SERVICES  
 P.O. BOX 107500, ANCHORAGE, ALASKA 99510-7500

ANCHORAGE RECORDING DISTRICT	SHEET 01 OF 01
DRAWN: JSR	CHECKED: DCA
DATE: 03/02/2026	

DRAWING LOCATION: L21287.dwg



**LEASE SUMMARY**

LESSEE: Tesoro Logistics Operations, LLC

CONTRACT NO: 21314

**LEASE DESCRIPTION:** A lease of a total of 72,230 square feet within the ARRC Anchorage Reserve between Ocean Dock Road and Anchorage Port Road, spanning areas within Lot 11A, Plat No. 70-309; Lot 10, Plat No. 64-56; and Tract 37 of the U.S. Rectangular Survey for T13N R3W.

---

**KEY CONTRACT PROVISIONS:**

Estimated Effective Date: July 1, 2026

Prior Annual Rent: \$71,507 annually

Lease Term: Twenty-Five (25) Years

Rent Rate: 9%

Option to Extend: None

Rent Adjustment: Rent adjusted every 5 years with adjusted annual rent not to exceed 135% of the prior year's annual rent or to decrease to less than 65% of the prior year's annual rent.

Lease Area: 73,230 sq. ft., more or less.

Base Annual Rent: \$TBD (based on 2026 appraised value)

---

PUBLIC NOTICE: Yes, public comment will expire May 28, 2026.

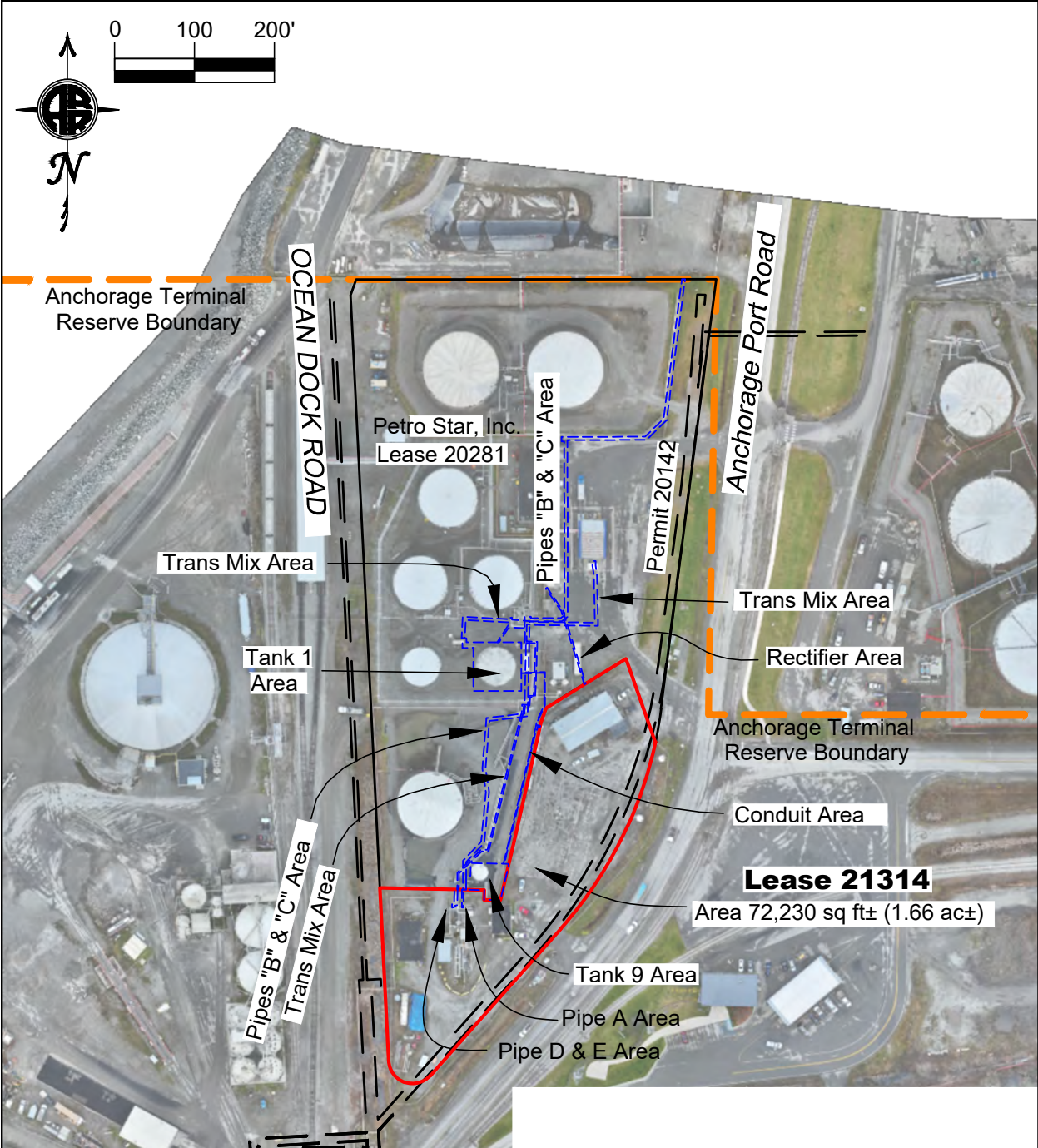
LEGAL REVIEW: Yes

INTENDED USE: Fuel storage and distribution consistent with Lessee's business.

**SUMMARY AND RECOMMENDATIONS:** Lessee currently leases the property under a ground lease for a term of ten (10) years. The current lease is due to expire on December 31, 2026. Lessee is requesting a new twenty-five (25)-year ground lease. Approval is recommended.

APPROVED: \_\_\_\_\_ Board Meeting Date: \_\_\_\_\_

Jennifer Mergens  
ARRC Board Secretary



**NOTES**

1. Background imagery is dated fall 2025 and in the records of the Alaska Railroad Corporation.
2. Schedule 1 dated 5/08/2026 is the true and correct legal description for this lease. The Schedule 1 controls over this Exhibit A.
3. Information on this map and also in Schedule 1 is derived from a unrecorded survey by W.H. Pacific dated 5/24/2017 in the records of the Alaska Railroad Corporation.

EXHIBIT A   ARRC CONTRACT NO. 21314 LEASE - Tesoro Logistics Operations, LLC. Area = 72,230 sq ft ± (1.66 ac±) LOCATED WITHIN ARRC title - Patent 50-2011-0122 - USS 1170 Lot 2 SW1/4 Sec. 7 T13N R3W S.M.	
<b>ALASKA RAILROAD CORPORATION</b> REAL ESTATE DEPARTMENT, LAND SERVICES P.O. BOX 107500, ANCHORAGE, ALASKA 99510-7500	
ANCHORAGE RECORDING DISTRICT	SHEET 1 OF 1
DRAWN: AMB/DAS	CHECKED: JSR DATE: 05/08/2026

